



State of California—Health and Human Services Agency
Department of Health Services



SANDRA SHEWRY
Director

ARNOLD SCHWARZENEGGER
Governor

November 1, 2004

Notice to Prospective Proposers

You are invited to review and respond to this Request for Proposal (RFP) Number 04-35855 entitled, "Actuarial Rate Development Project." In submitting your proposal, you must comply with the instructions found herein.

Note that all agreements entered into with the State of California will include by reference General Terms and Conditions and Contractor Certification Clauses that may be viewed and downloaded at the following Internet site: <http://www.ols.dgs.ca.gov/Standard+Language/default.htm>. If you do not have Internet access, a hard copy can be obtained by contacting the person signing this letter. Please pay particular attention to the Disabled Veteran Business Enterprise (DVBE) Instructions found in Attachment 9. The instructions given are to be followed completely as the requirements for DVBE participation must be met.

If a discrepancy occurs between the information appearing in the advertisement placed in the California State Contracts Register and the information herein, the information in this notice and in the RFP shall take precedence.

I. Proposal Submission Deadline

Regardless of postmark or method of delivery, the Department of Health Services' (DHS) Office of Medi-Cal Procurement must receive proposal packages no later than **4:00 p.m. on December 27, 2004**. Refer to the attached RFP for detailed submission requirements.

II. Voluntary non-binding Letter of Intent

In this procurement, prospective proposers are asked to voluntarily submit a non-binding Letter of Intent. See the RFP for detailed Letter of Intent submission instructions.

Please be advised that while the Letter of Intent is voluntary, the DHS will continue to provide automatic updates about the RFP only to prospective proposers who have provided a Request for Inclusion on mailing List form, Attachment 14, in this RFP. Regardless of delivery method, this form is due to DHS by 4:00 p.m. on November 15, 2004.

It is incumbent upon any Proposer who has not submitted the Mandatory Request for Inclusion on Mailing List form, but intends to bid on this contract, to monitor the website at <http://www.dhs.ca.gov/omcp> for any administrative bulletins and/or RFP addenda updates to the RFP.

A Proposer may also call (916) 255-6032 to request any administrative bulletins and/or RFP addenda updates to the RFP.

III. Disabled Veteran Business Enterprise (DVBE) participation requirements

California Law requires Disabled Veteran Business Enterprise (DVBE) participation and/or performance of a good faith effort (GFE) to meet these requirements. DHS policies require DVBE participation on all contracts exceeding \$10,000. You may need four weeks or more to complete this process; therefore, you should begin this process promptly. Out-of-state firms must comply with California's DVBE participation requirements. Random verification will be conducted for those proposers who have satisfied DVBE requirements using the Good Faith Effort (GFE) process.

IV. Funding Limit

Funding for each state fiscal year is subject to an annual appropriation by the State Legislature or Congress. If full funding does not become available, DHS will cancel the resulting agreement or amend it to reflect reduced funding and reduced activities. Continuation beyond the first state fiscal year is also subject to the contractor's successful performance.

V. Proposer Questions

In the opinion of DHS, this Request for Proposal is complete and without need of explanation. However, if you have questions or need clarifying information, put all inquiries in writing and mail or fax them to DHS according to the instructions in the RFP section entitled, "Proposer Questions."

Thank you for your interest in DHS' service needs.

Sincerely,

Donna Martinez, Chief
Office of Medi-Cal Procurement

Attachment



Request for Proposal [04-35855](#)

Actuarial Rate Development Project

California Department of Health Services
Office of Medi-Cal Procurement
9800 Old Winery Place,
PO Box 997413 MS 4200
Sacramento, CA 95899-7413

Table of Contents

A.	PURPOSE AND BACKGROUND	6
1.	Purpose.....	6
2.	Background	7
B.	TIME SCHEDULE	9
C.	CONTRACT TERM	9
D.	PROPOSER QUESTIONS.....	10
1.	What To Include In An Inquiry.....	10
2.	Question Deadline	10
3.	How To Submit Questions.....	11
4.	Verbal Questions	11
E.	DATA LIBRARY	12
1.	Appointments	12
2.	Access.....	13
3.	Location.....	13
4.	Contents.....	13
5.	Verbal Communications.....	14
F.	VOLUNTARY PRE-PROPOSAL CONFERENCE.....	14
G.	REASONABLE ACCOMMODATIONS	14
H.	“VOLUNTARY” LETTER OF INTENT.....	14
1.	General Information.....	14
2.	Submitting A Letter Of Intent.....	14
3.	Request For Inclusion On Mailing List – Mandatory Form	15
I.	SCOPE OF WORK.....	16
J.	QUALIFICATION REQUIREMENTS	16
K.	TECHNICAL PROPOSAL FORMAT AND CONTENT REQUIREMENTS.....	18
1.	General Instructions	18
2.	Format Requirements	19
3.	Technical Proposal Content Requirements.....	20
a.	<u>Proposal Cover Page</u>	21
b.	<u>Technical Proposal Transmittal Letter</u>	21
c.	<u>Table of Contents</u>	22

d.	<u>Proposer Capability Section</u>	22
e.	<u>Work Plan Section</u>	24
f.	<u>Management Plan Section</u>	25
g.	<u>Project Personnel Section</u>	26
h.	<u>Facilities and Resources Section</u>	29
i.	<u>Appendix Section – Technical Proposal</u>	30
j.	<u>Forms Section – Technical Proposal, Letter of Intent and Mailing List</u>	33
L.	COST PROPOSAL FORMAT AND CONTENT REQUIREMENTS	35
1.	General Instructions	35
2.	Format Requirements	36
3.	Cost Proposal Transmittal Letter	36
4.	Cost Proposal Form Instructions	37
5.	Position Definitions	37
6.	Escrow Bid Documents	38
M.	PROPOSAL SUBMISSION	43
1.	General Instructions	43
2.	Proof of Timely Receipt	44
3.	Proposer Costs	44
N.	EVALUATION AND SELECTION	44
1.	Stage 1 – Reviewing Required Attachment/Certification Checklist, Attachment (Pass/Fail)	45
2.	Stage 2 – Scoring the Technical Proposal (Point Score/Weighted Component)	46
3.	Stage 3 – Scoring the Cost Proposal (Point Score/Weighted Component) ..	54
4.	Stage 4 – Adjustments To Score Calculations For Bidding Preferences	55
5.	Stage 5 – Calculating The Total Proposal Score	55
O.	BID REQUIREMENTS AND INFORMATION	55
1.	Non-Responsive Proposals	55
2.	Proposal Modifications After Submission	56
3.	Withdrawal and/or Resubmission of Proposals	56
4.	Contract Award And Protests	57
5.	Disposition Of Proposals	61
6.	Inspecting Or Obtaining Copies Of Proposals	61
7.	Verification Of Proposer Information	62

8. DHS Rights	63
P. BIDDING CERTIFICATION CLAUSES	65
1. Certificate Of Independent Price Determination	65
2. Debarment And Suspension Certification	66
3. Lobbying Restrictions And Disclosure	67
Q. PREFERENCE PROGRAMS	68
1. Small Business Enterprises (including Microbusinesses)	68
2. Target Area Contract Preference Act (TACPA) And Enterprise Zone Act	69
3. Combined Preferences	70
R. CONTRACT TERMS AND CONDITIONS.....	71
1. Sample Contract Forms/Exhibits	71
2. Unanticipated Tasks.....	72
3. Resolution of Language Conflicts (RFP vs. Final Agreement)	72
S. REQUIRED ATTACHMENTS	

Attachment #	Attachment Name
---------------------	------------------------

Technical Proposal

Attachment 1	Proposal Cover Page
Attachment 2	Required Attachment / Certification Checklist
Attachment 3	Proposer Information Sheet
Attachment 4	Client References
Attachment 5	RFP Clause Certification
Attachment 6	CCC 304 - Certification
Attachment 7	Payee Data Record
Attachment 8	Follow-on Consultant Contract Disclosure
Attachment 9	DVBE Instructions / Forms with Attachment 9a, Actual DVBE Participation and Attachment 9b, Good Faith Effort
Attachment 10	Target Area Contract Preference Act (TACPA) Request
Attachment 11	Enterprise Zone Act (EZA) Preference Request

Attachment #	Attachment Name
Attachment 12	Small Business Preference
Attachment 13	Conflict of Interest Compliance Certificate
Attachment 14	Voluntary Letter of Intent
Attachment 15	Request for Inclusion on Mailing List
<u>Cost Proposal</u>	
Attachment 16	Cost Section: Cost Proposal Form

.....

T. SAMPLE CONTRACT FORMS / EXHIBITS

Exhibit Label	Exhibit Name
Exhibit A-1	Standard Agreement
Exhibit A	Scope of Work
Exhibit B	Budget Detail and Payment Provisions
Exhibit C – View on-line.	General Terms and Conditions (GTC 304). View or download this exhibit at this Internet site http://www.ols.dgs.ca.gov/Standard+Language/default.htm .
Exhibit D(F)	Special Terms and Conditions
Exhibit E	Additional Provisions
Exhibit E/ Attachment 1	Bid Documentation Certification
Exhibit F	Contractor's Release
Exhibit G	Travel Reimbursement Information
Exhibit H	HIPAA Business Associate Addendum
Exhibit I:	Technical Proposal to be included in final Contract

U. PROGRAM APPENDICES

Appendix #	Appendix Name
Appendix 1	Driving and Parking Instructions to the Department of Health Services Office of Medi-Cal Procurement
Appendix 2	Centers for Medicare and Medicaid Services Rate Checklist (Appendix A. PAHP, PIHP, and MCO Contracts – Financial Review Documentation for At-Risk Capitated Contracts Resetting)
Appendix 3	Glossary of Terms
Appendix 4	Data Library Index

A. PURPOSE AND BACKGROUND

1. Purpose

The State of California (State), Department of Health Services (DHS), is conducting this Request for Proposal (RFP) to acquire actuarial services in the area of capitation rate methodology as related to the Medi-Cal program. Proposers must address all of the services described in Exhibit A entitled, Scope of Work.

The Medi-Cal Managed Care Division (MMCD) intends to make a single contract award to the most responsive and responsible firm earning the highest score. This procurement is open to all eligible firms and/or individuals that meet the qualification requirements, including commercial businesses, nonprofit organizations, State or public universities (including auxiliary organizations) and other entities.

DHS is the designated state agency responsible for administering the Medi-Cal program, including the rates of reimbursement paid to Fee-for-Service (FFS) health care providers and to managed care plans contracting with the State to provide health care services to Medi-Cal beneficiaries. In prior years, California used a FFS equivalent cost base rate methodology in calculating the capitation rates paid to the managed care plans. With the implementation and expansion of managed care, the FFS base has decreased significantly. State Fiscal Year 1996/97 is the last period with sufficient FFS data for base period calculations for public assistance and medically needy family, medically indigent child, and percent of poverty populations (FFS base data for Fiscal Year 2000/01 is used for the public assistance and medically needy aged, blind and disabled populations.) Further, as a condition of receiving federal financial participation (FFP) dollars, the managed care capitation rates must be certified by an actuary that the capitation rates:

- Have been developed in accordance with generally accepted actuarial principles and practices;
- Are appropriate for the populations to be covered, and the services to be furnished under the contract; and
- Have been certified, as meeting Title 42, CFR, Section 438.6(c), by actuaries who meet the qualification standards established by the American Academy of Actuaries and follow the practice standards established by the Actuarial Standards Board.

This requirement was effective August 13, 2003.

DHS' staff actuaries currently assume responsibility for developing capitation rate methodologies, upon which is the basis of payment to plans. The level of capitation reimbursement is a controversial issue among contracting Medi-Cal

managed care plans and many have filed Notices of Dispute and litigation will likely ensue.

The purpose of this RFP is to obtain an independent and unbiased review and assistance in the development; implementation and monitoring of a new rate methodology(s). The technical nature of this work requires expert knowledge and experience in the area of governmental and commercial health care. The resulting methodologies must be defensible against legal challenges, lawsuits and governmental control agency reviews.

DHS reserves the right, at its sole discretion, to select or reject any rate methodology recommended by the Contractor during the proposal or contract periods.

2. Background

a. General Information

In July 1965, the Social Security Act was amended to add Title XVIII, which established the Medicare program, and Title XIX, which established the state-option Medicaid program, known in California as Medi-Cal. Title XIX provided federal reimbursement (called "federal financial participation") to those states that implemented a Medicaid program.

California State legislation implementing the Title XIX program was signed in November 1965. The Medi-Cal program became effective in March 1966. Prior to the start of Medi-Cal, indigent Californians were provided health care services through a variety of programs administered by the counties. With the advent of Medi-Cal, a wide range of health benefits are provided uniformly to certain individuals throughout the State whose income and resources are insufficient to meet the costs of necessary medical services without jeopardizing the person's, or the family's, self-maintenance and security.

Medi-Cal is funded primarily by federal and state funds. The federal government contributes approximately fifty percent (50%) toward health care service costs. With few exceptions, the State contributes the balance. The Medi-Cal program is administered by the State in cooperation with the federal and county governments. Medi-Cal provides health care services to approximately 6.3 million beneficiaries at a cost in excess of \$27.7 billion a year and is one of the largest Medicaid programs in the nation. As in the past, the Medi-Cal program will continue to be modified because of federal and state legislation, departmental regulations, judicial and administrative decisions, and other efforts to enhance the program.

In general, Medi-Cal eligibles receive medical services through either a FFS health care delivery system or through enrollment in a managed care

plan that is responsible for their health care needs. Enrollment in a managed care plan may be either mandatory or voluntary depending on the county in which the beneficiary resides and their eligibility status. Currently, slightly more than fifty percent (50%) of the Medi-Cal population is enrolled in managed care plans and managed care plan enrollment is expected to increase.

b. Primary Medi-Cal Managed Care Models Used by California

California provides managed health care to Medi-Cal beneficiaries through three primary capitated, full-risk health care delivery models: County Organized Health System (COHS), Geographic Managed Care (GMC) program, and Two-Plan Model.

- 1) Under COHS, a local agency, with representatives from providers, beneficiaries, local government, and other interested parties, is created by a county Board of Supervisors to contract with the Medi-Cal program. The COHS administers a capitated, comprehensive, case managed health care delivery system. Essentially, all Medi-Cal beneficiaries residing in the county are required to enroll in the COHS to receive health care services. COHSs currently operate in Monterey, Napa, Orange, San Mateo, Santa Barbara, Santa Cruz, Solano, and Yolo Counties.
- 2) Under the GMC program, DHS enters into contracts with several managed care plans to provide Medi-Cal services in a county. Public assistance and medically needy family, medically indigent child, and percent of poverty populations are required to enroll in one of the contracted managed care plans. The remaining populations may enroll voluntarily in one of the managed care plans or may choose to receive their health care through the FFS system. DHS currently uses the GMC program in Sacramento and San Diego Counties, which provide services through five managed care plans and six managed care plans, respectively.
- 3) Under the Two-Plan Model, DHS contracts with two managed care plans in each county: a locally developed comprehensive managed care system (referred to as a local initiative) and a non-governmentally-operated HMO (referred to as the commercial plan), which is selected through a competitive bid process. Medi-Cal beneficiaries are given the choice between the two managed care plans operating in their county. The Two-Plan Model operates in 12 counties (Alameda, Contra Costa, Fresno, Kern, Los Angeles, Riverside, San Bernardino, San Francisco, San Joaquin, Santa Clara, Stanislaus, and Tulare). The Two-Plan Model has similar managed care enrollment requirements (i.e., mandatory and voluntary) as the GMC program.

- 4) Other managed care models are used to a lesser extent. These models are: 1) one prepaid health plan contract, 2) one primary care case management contract (no inpatient services), 3) five long term care contracts (limited to aged and disabled populations), 4) one mental health services contract (no medical services), and 5) four dental services contracts.

B. TIME SCHEDULE

Below is the tentative time schedule for this procurement:

Event	Date	Time (If applicable)
RFP Released	November 1, 2004	
Data Library Opens	November 1, 2004	
Questions Due	November 18, 2004	4:00 p.m.
Voluntary Letter of Intent Due	November 15, 2004	4:00 p.m.
Mandatory Request for Inclusion on Mailing List Form Due	November 18, 2004	4:00 p.m.
Proposal Due Date	December 27, 2004	4:00 p.m.
Notice of Intent to Award Posted	February 17, 2005	
Protest Deadline	February 24, 2005	4:00 p.m.
Contract Award Date	February 25, 2005	
Proposed Start Date of Agreement	May 1, 2005	

C. CONTRACT TERM

The term of this contract is anticipated to be a total of two (2) years, beginning May 1, 2005, and continuing through April 30, 2007, with one (1) year optional extension.

The agreement term may change if DHS makes an award earlier than expected or if DHS cannot execute the agreement in a timely manner due to unforeseen delays.

The resulting contract will be of no force or effect until it is signed by both parties and approved by the Department of General Services (DGS), if required. The Contractor is hereby advised not to commence performance until all approvals have been obtained. Should performance commence before all approvals are obtained, said services may be considered to have been volunteered if all approvals have not been obtained.

D. PROPOSER QUESTIONS

Please notify DHS immediately if you need clarification about the services sought or have questions about the RFP instructions or requirements. Put your inquiry in writing and transmit it to DHS as instructed below. At its discretion, DHS reserves the right to contact an inquirer to seek clarification of any inquiry received.

Proposers that fail to report a known or suspected problem with the RFP or fail to seek clarification and/or correction of the RFP shall submit a proposal at their own risk.

1. What To Include In An Inquiry

- a. Your name, name of your firm, mailing address, area code and telephone number, and fax number.
- b. A description of the subject or issue in question or discrepancy found.
- c. RFP section, page number or other information useful in identifying the specific problem or issue in question.
- d. Remedy sought, if any.

2. Question Deadline

DHS will accept written or faxed inquiries received by 4:00 p.m. on November 18, 2004. At its discretion, DHS may contact an inquirer to seek clarification of any inquiry received.

OMCP will accept questions or inquiries about the following issues up to the proposal submission deadline:

- a. Disabled Veterans Business Enterprise (DVBE) participation requirements and how to complete the DVBE attachments, and
- b. The reporting of RFP errors or irregularities.

3. How To Submit Questions

Submit inquiries using one of the following methods:

U.S. Mail:	Hand Delivery or Overnight Express/Courier:
Questions re: RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 P.O. Box 997413 Sacramento, CA 95899-7413	Questions re: RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 9800 Old Winery Place Sacramento, CA 95827
Fax: Questions re: RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement FACSys: (916) 464-0855 Fax: (916) 255-6126	
E-mail: OMCPRFP9@dhs.ca.gov	

Proposers submitting questions are responsible for confirming the receipt of all materials by the question deadline.

Call OMCP at (916) 255-6032 and state that you wish to confirm receipt of your communication.

For driving and parking instructions, please review Appendix 1.

4. Verbal Questions

Because verbal inquiries are easily misinterpreted, Proposers are **highly encouraged** to submit all inquiries in writing. DHS reserves the right not to accept or respond to verbal inquiries. **Verbal remarks provided in response to verbal inquiries are unofficial and are not binding on DHS unless later confirmed in writing.**

No inference should be drawn from any question to which DHS does not respond in writing.

Direct all verbal requests for DVBE assistance to DHS' DVBE Coordinator at (916) 650-0205 up to the proposal submission deadline.

E. DATA LIBRARY

A Data Library will open on November 1, 2004. The Data Library will be accessible by appointment on State working days Monday through Friday from 8:00 a.m. to noon, and 1:00 p.m. to 4:00 p.m. Access to the Data Library is restricted to authorized Proposers and/or their authorized representatives who have established an advance appointment and completed required forms through the process described below.

1. Appointments

Appointments to access the Data Library must be arranged in writing by contacting OMCP.

Include the following information in your written request for an appointment:

- a. Name
- b. Title
- c. Firm you represent
- d. Telephone number
- e. Fax number
- f. Email address, if applicable
- g. Desired date of visit
- h. Desired time of visit

Send your written request to OMCP through one of the following methods:

U.S. Mail:	Hand Delivery or Overnight Express/Courier:
Library Appt. RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 P.O. Box 997413 Sacramento, CA 95899-7413	Library Appt. RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 9800 Old Winery Place Sacramento, CA 95827
Fax:	
Library Appt. RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement FACSys: (916) 464-0855 Fax: (916) 255-6126	
E-mail: OMCPRFP9@dhs.ca.gov	

Upon receipt of the information listed in this section, Proposers will be sent the forms described in Section E.2 below.

2. Access

Upon written request of an appointment as instructed in Section E.1 above, a Proposer will be sent the necessary forms and instructions that outline the policies and requirements for using the Data Library. These include:

- a. Data Library Instructions
- b. Data Library Confidentiality Agreement
- c. List of Authorized Representatives
- d. Driving and Parking Instructions

Access to the Data Library is restricted to authorized Proposers and their authorized representatives who have submitted the Data Library Confidentiality Agreement and the List of Authorized Representatives prior to the visit to the Data Library.

To obtain a copy of the Data Library instructions and the required forms listed in RFP Sections E.2.a and E.2.b above, please contact OMCP in writing at the address specified in Section E.1.

Once OMCP receives the Data Library Confidentiality Agreement and List of Authorized Representatives, OMCP staff will confirm the appointment date and time with the Proposer.

3. Location

Office of Medi-Cal Procurement
9800 Old Winery Place
Sacramento, CA 95827

For driving and parking instructions see Appendix 1.

4. Contents

The Data Library contains documentation on the Medi-Cal programs and provides basic information needed in the preparation of proposals. The contents of the Data Library may be found in Appendix 4, Data Library Index.

To obtain documents issued by other government agencies, Proposers should contact those agencies directly. Examples of documents that Proposers may find helpful include the California Legislative or Control Agency Reports.

Data Library materials may be periodically updated and additional documents may be added. Proposers that have requested access to the Data Library will be notified of the additions and/or changes by way of written notice.

5. Verbal Communications

Verbal communications regarding the Data Library should be directed to Robert Marlow of OMCP at (916) 255-6032.

F. VOLUNTARY PRE-PROPOSAL CONFERENCE

DHS will not hold a Pre-proposal Conference for this procurement.

G. REASONABLE ACCOMMODATIONS

For individuals with disabilities, DHS will provide services such as conversion of RFP, questions/answers, RFP Addenda, applicable library materials, or other Administrative Notices into Braille, large print, audiocassette or computer disk. To request such services or copies in an alternate format, please call the number below to arrange for reasonable accommodations:

Robert Marlow
Office of Medi-Cal Procurement
Telephone number: (916) 255-6032

H. “VOLUNTARY” LETTER OF INTENT

1. General Information

Prospective Proposers are asked to voluntarily indicate either their intention to submit a proposal or to indicate the reason(s) for not submitting a proposal. Failure to submit a Letter of Intent will not affect the acceptance of any proposal. The Letter of Intent is not binding and prospective Proposers are not required to submit a proposal merely because a Letter of Intent is submitted. Use the Voluntary Letter of Intent (Attachment 14) for this purpose.

2. Submitting A Letter Of Intent

Regardless of the delivery method, the Voluntary Letter of Intent must be received by 4:00 p.m. on November 15, 2004.

Submit the Letter of Intent using one of the following methods.

U.S. Mail:	Hand Delivery or Overnight Express/Courier:
Letter of Intent RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 P.O. Box 997413 Sacramento, CA 95899-7413	Letter of Intent RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 9800 Old Winery Place Sacramento, CA 95827
Fax:	
Letter of Intent RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement FACSys: (916) 464-0855 Fax: (916) 255-6126	

3. Request For Inclusion On Mailing List – Mandatory Form

DHS recognizes that not all Interested Parties are interested in continuing to receive updates about this RFP. In addition, printing and mailing updates to all Interested Parties on the mailing list is costly to DHS. Therefore, DHS will continue to provide automatic updates about this RFP only to prospective Proposers who have provided a mandatory Request for Inclusion on Mailing List form, Attachment 15. Regardless of delivery method, this form is due by 4:00 p.m. on November 18, 2004.

It is incumbent upon any Proposer who has not submitted the mandatory Request for Inclusion on Mailing List form, but intends to bid on this contract, to monitor the website at <http://www.dhs.ca.gov/omcp> for any administrative bulletins and/or RFP addenda updates to the RFP.

A Proposer may also call (916) 255-6032 to request any administrative bulletins and/or RFP addenda updates to the RFP.

Submit the mandatory Request for Inclusion on Mailing List form using one of the following methods:

U.S. Mail:	Hand Delivery or Overnight Express/Courier:
Mailing List for RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 P.O. Box 997413 Sacramento, CA 95899-7413	Mailing List for RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 9800 Old Winery Place Sacramento, CA 95827
Fax:	
Mailing List for RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement FACSys: (916) 464-0855 Fax: (916) 255-6126	

I. SCOPE OF WORK

See Exhibit A entitled, “Scope of Work” that is included in the Exhibits section of this RFP. Exhibit A contains a detailed description of the services and work that may be performed as a result of this procurement. Proposal responses must demonstrate how all Scope of Work requirements will be met or exceeded.

J. QUALIFICATION REQUIREMENTS

Failure to meet the following requirements by the proposal submission deadline will be grounds for DHS, in its sole discretion, to deem a Proposer non-responsive. If the Proposer is a subsidiary of another business entity and the proposal relies in part on the business experience of that entity, these requirements of the RFP shall apply to the other business entity as well. In submitting a proposal, each Proposer must certify and prove that it possesses the following qualification requirements. A Proposer may demonstrate the requisite qualifications through the combined qualifications of the Proposer and its subcontractor’s (s) (including independent consultants) qualifications. The Proposer shall identify areas that they are responsible for along with the areas their subcontractor(s) and independent consultant(s) are responsible for along with the qualifications for each of those areas of responsibility.

Many of the qualification requirements contained in this section are described in more detail elsewhere in this RFP.

1. Proposers must have at least three consecutive years of relevant prior experience within the past five years, which is similar to the work contemplated by this RFP, and which demonstrates the Proposer’s ability to perform such work. Such experience may consist of a combination of experience either by the Proposer, or by a parent corporation of the Proposer,

- or the relevant work experience of the management team, or the relevant experience of a subcontractor (including independent consultant). If the prior experience and demonstrated ability requirements are to be met in whole or in part by the experience of subcontractors (including independent consultants), documentation of the subcontractor's experience and ability must be formally submitted and accepted as part of the Proposer's technical proposal. Proposers should possess experience in preparing statements of actuarial opinions supported by actuarial reports, statements of actuarial review, and actuarial documentation in the area of health care benefit costs and managed care capitation rates. For the purpose of this RFP, health care benefits are defined as one or more of the following: hospital inpatient services, hospital outpatient services, physician services, specialist services, prescription drugs, dental care, vision care, long-term care, and similar benefits.
2. Proposers must certify that they are financially stable and solvent and have adequate cash reserves to meet all financial obligations while awaiting reimbursement for DHS. If the Proposer is a subsidiary of a corporation, the corporation must provide a financial guaranty executed by a duly authorized officer of that corporation (refer to RFP Section K.3.i(8), Attestations).
 3. Proposers must certify that they have read and are willing to comply with all proposed terms and conditions addressed in the RFP Section R, "Contract Terms and Conditions", including the terms appearing in the referenced contract exhibits and attachments.
 4. **[Corporations]** Corporations must certify they are in good standing and qualified to conduct business in California. Submission requirements to demonstrate that corporations meet this qualification can be found in RFP, Section K.3, entitled Technical Proposal Content Requirements, and Attachment 2.
 5. **[Nonprofit Organizations]** Nonprofit organizations must certify they are eligible to claim nonprofit status. Submission requirements to demonstrate that organizations meet this qualification can be found in RFP Section K.3 and Attachment 2.
 6. Proposers must have a past record of sound business integrity and a history of being responsive to past contractual obligations.
 7. Proposers must either achieve actual Disabled Veteran Business Enterprise (DVBE) participation or make an adequate Good Faith Effort (GFE) to meet the DVBE participation requirements. Detailed requirements are outlined in Attachment 9 (DVBE Instructions/ Forms).
 8. Proposers must certify and submit proof that no prohibited conflict of interest exists as instructed on Attachment 13, Conflict of Interest Compliance Certificate. **Any of the following instances would be considered a**

potential “conflict of interest”, including, but not limited to any instance in the past, present or future:

- a) Where the Contractor or any subcontractor (including independent consultant) contracts with any Medi-Cal managed care health plan, provider, or billing agent for Medi-Cal services.
- b) Where the Contractor has an Interest in a Medi-Cal managed care health plan, provider, or billing agent or Medi-Cal services.
- c) Where the Medi-Cal managed care health plan, provider, or billing agent for Medi-Cal services has an Interest in the Contractor.
- d) Where a Contractor’s officer, director or employee, or a spouse or dependent child, is employed by a Medi-Cal managed care health plan, provider, or billing agent for Medi-Cal services or has an Interest in a Medi-Cal managed care health plan, provider, or billing agent for Medi-Cal services.
- e) Where pursuant to the Political Reform Act (Government Code Section 87100-87500), a DHS official has an economic interest in the Contractor and the official makes, participates in the making of, or uses his or her official position to influence the making of a decision involving Contractor, where it is reasonably foreseeable that the decision could materially affect the official’s economic interest.
- f) Where pursuant to Government Code Section 1090 et seq., a DHS official participates in the making of a contract with Contractor and the official is financially interested in the contract.

K. TECHNICAL PROPOSAL FORMAT AND CONTENT REQUIREMENTS

1. General Instructions

- a. Each firm or individual may submit only one technical proposal.

For the purposes of this paragraph, “firm” includes a parent corporation of a firm and any other subsidiary of that parent corporation. If a firm or individual submits more than one proposal, DHS will reject all proposals submitted by that firm or individual.

A firm or individual proposing to act as a prime contractor may be named as a subcontractor (including independent consultant) in another Proposer’s proposal. Similarly, more than one Proposer may use the same subcontractors and/or independent consultants.

- b. Develop proposals by following all RFP instructions, including clarifications issued by DHS in the form of question and answer notices, clarification notices, Administrative Bulletins or RFP addenda.
- c. Before submitting your proposal, seek timely written clarification of any requirements or instructions that you believe to be vague, unclear or that you do not fully understand. You assume the risk that your proposal may be rejected for failure to follow a rule or requirement, which DHS interprets differently than you did in preparing your proposal.
- d. In preparing your technical proposal response, all narrative portions should be straightforward, detailed and precise. DHS will determine the responsiveness of a proposal by its quality, not its volume, packaging or colored displays.
- e. Arrange for the timely delivery of your proposal to the address specified in this RFP. Do not wait until shortly before the deadline to submit your technical proposal.

2. Format Requirements

- a. The technical proposal shall present a complete description of the Proposer's plans to meet the requirements of specified areas of the RFP.
- b. Submit one (1) original proposal, five (5) written copies or sets, and one (1) CD-ROM of the technical proposal:
 - 1) Assemble the original set, five (5) copies and one (1) CD-ROM of your technical proposal together. Clearly label the original hard copy "Original Set".
 - 2) The original set and each of the five (5) copies of the technical proposal must be bound separately. The original set, five (5) copies and one (1) CD-ROM of the technical proposal must be sent under sealed cover.
 - 3) Proposals shall be submitted in full, bound sets, e.g., technical proposal sets one (1) through six (6) are packaged as complete sets, rather than having one package containing all six (6) copies of binder one (1), for example. Set one (1) must be the original set.
 - 4) Each box must be identified as follows:

Original Set, or Set 1 of 6, or Set 2 of 6 etc.
Box 1 or X (number of boxes needed for each set), etc.
 - 5) The outside of each box containing a full set of technical proposals shall be marked with the name of the Proposer and shall be labeled:

TECHNICAL PROPOSAL FOR THE
CALIFORNIA ACTUARIAL RATE DEVELOPMENT PROJECT
RFP 04-35855

- c. Format the technical proposal as follows:
 - 1) Use one-inch margins at the top, bottom, and both sides.
 - 2) Use a font size of not less than 11 points.
 - 3) Print pages single-sided on white bond paper.
 - 4) Sequentially paginate the pages in each section, beginning each new section with page 1. Include the name of the section at the top of each page. It is not necessary to paginate items in the Appendix Section or Forms Section.
- d. Bind each proposal set in a way that enables easy page removal. The proposal must be submitted three-hole punched in loose leaf or three-ring binders.
- e. Certain forms, statements and attachments in the technical proposal require signatures. All RFP documents that require a signature must be signed in ink, preferably in a color other than black.
 - 1) Have a person who is authorized to bind the proposing firm sign each original RFP document that requires a signature. Signature stamps are not acceptable.
 - 2) Place the originally signed documents in the technical proposal set marked "Original Set".
 - 3) The signed original RFP documents in the original set may be photocopied for placement in the five (5) copies.
- f. Do not mark any portion of your technical proposal response, any RFP attachment or other item of required documentation as "Confidential" or "Proprietary". DHS will disregard any language purporting to render all or portions of a proposal confidential or proprietary.

3. Technical Proposal Content Requirements

This section specifies the order and content of each technical proposal. Assemble the materials in each technical proposal set in the following order:

a. Proposal Cover Page

A person authorized to bind the Proposer must complete and sign the Proposal Cover Page form (see Attachment 1 for form). If the Proposer is a corporation, a person authorized by the Board of Directors to sign on behalf of the Board must sign the Proposal Cover Page.

b. Technical Proposal Transmittal Letter

The technical proposal transmittal letter shall be on the official business letterhead of a Proposer and shall be signed by an individual authorized to legally bind the Proposer. The letter shall include:

- 1) Identification of all materials and enclosures being forwarded as a response to the RFP.
- 2) The name, title, mailing address, email address, and telephone and fax numbers of a liaison person(s) whom DHS may contact during the evaluation period.
- 3) A statement indicating the legal form of the Proposer.
- 4) A statement indicating how the Proposer meets the prior experience and demonstrated ability requirements identified in the Qualification Requirements Section, RFP Section J.1. If these requirements are to be met using a subcontractor (including an independent consultant), a Subcontractor/Independent Consultant Letter of Agreement (see RFP Section K.3.i.(7) from each subcontractor must be appended to the transmittal letter.
- 5) A statement by the Proposer that any subcontractual relationships submitted in the proposal shall not be changed during the procurement process or during the life of the contract without prior written permission from DHS.
- 6) A statement that neither cost nor pricing information is included in this letter or the technical proposal.
- 7) A statement indicating that the Proposer has no affiliates (see the definition of affiliates in Appendix 3, Glossary of Terms), or if the Proposer has affiliates, provide a statement containing the following information:
 - a) The name and address of all affiliates of the Proposer.
 - b) The names and addresses of all persons and concerns exercising control or ownership of the Proposer and any or all of its affiliates, and whether they exercise such control or ownership as common

officers, directors, stockholders holding controlling interest, or otherwise.

- 8) A statement that the proposal is complete as submitted.
- 9) A statement acknowledging that all costs associated with the development and submission of a proposal in response to this RFP are entirely the responsibility of the Proposer and will not be chargeable to the State of California or included in any cost elements of the proposal.

c. Table of Contents

Properly identify each section and the contents therein. Paginate all items in each section, beginning each new section with page 1. Documents contained in the Forms Section and Appendix Section do not require pagination.

d. Proposer Capability Section

To enable DHS in evaluating a Proposer's agency capabilities, a Proposer shall submit the following information:

- 1) Proposer's History:
 - a) Date of establishment. If applicable, explain any changes in your business history or organizational structure that will assist DHS in determining qualifications.
 - b) A description of the Proposer's goals that are relevant, closely related, or will complement this project.
 - c) Indicate any relevant past experience with Medicaid and/or Medicare.
- 2) Describe the experience that qualifies your firm to undertake this project. Proposers shall describe in narrative form their experience or knowledge in the following areas:
 - a) Providing an independent analysis and review of statements, reports, and valuations on actuarial and statistical data, and providing actuarial opinions on areas such as, but not limited to, level of capitation rates, reserves, medical provider reimbursement, demographic adjustments or other relevant factors.
 - b) Preparing reports and other correspondence of proposed actions and recommendations in the area of capitation rate methodology as it relates to Medicare and/or Medicaid managed care programs.

- c) Developing and maintaining automated databases to facilitate analyses of issues in rate development, implementation and monitoring, and serving as the foundation of an evidentiary base to support potential issue statements, arguments, and proposals. The database shall consist of relevant economic, accounting, financial, operational, rate, demographic, and claim-based information, including but not limited to selected data from managed care plans, Medicaid and/or Medicare data, provider-based paid claims and rate data files, nursing home and hospital financial disclosure and cost reports, and other selected State and non-State sources.
- d) Constructing and updating an automated model of one or more managed care capitation rate methodologies for various providers, including but not limited to physician, pharmacy, long-term care, hospital, and outpatient facilities for the purpose of analyzing individual reimbursement variables (e.g., geographic location, inflation, eligibility, trend, utilization, national and regional factors, carved out services, administrative cost) and their relative impact on the total reimbursement system.
- e) Analyzing rate cell alternatives for identification of various population groupings (e.g., age/gender, or by Medicaid eligibility).
- f) Assessing compliance of rate methods and applications with federal or State laws, rules, and regulations on reimbursement and budget related issues.
- g) Developing pricing specific to stop-loss insurance and reinsurance.
- h) Analyzing inflation and economic trends. Examining several years of inflation trends, with an emphasis on medical services, and providing alternative trend models.
- i) Analyzing different types of rate methodologies and models used by governmental and/or commercial entities.
- j) Analyzing the financial statement data of managed care plans or designated classes of providers, with a specific focus towards relevant issues affecting rate methodologies.
- k) Analyzing encounter data.
- l) Analyzing rate methodologies for compliance with the Centers for Medicare and Medicaid Services (CMS) Rate Checklist (Appendix A. PAHP, PIHP and MCO Contracts-Financial Review Documentation for At-risk Capitated Contracts Ratesetting). See Appendix 2 of this RFP for a copy of this document.

- m) Providing expert testimony on capitation rate methods and providing opinions on court documents, discovery materials, and other relevant materials used in court proceedings.
 - 3) Briefly, describe the accounts or work projects begun and/or completed in the past three years that involved services similar in nature or closely related to the Scope of Work in this RFP. For each account or project listed, include the following information:
 - a) Name of agency or firm for whom services were performed;
 - b) Duration or length of the project;
 - c) Total cost or value of the project;
 - d) Indicate if the account or project is “active/open” or “closed/settled”; and
 - e) Describe briefly the type and nature of the services you performed.
 - 4) Briefly describe any experience that demonstrates your firm’s ability to establish and maintain effective working relationships with government entities, local community based organizations, and private nonprofit organizations.
 - 5) Identify three client references that your firm has serviced in the past five years that can confirm their satisfaction with your services and confirm if your firm provided timely and effective services or deliverables. Use the Client References form (Attachment 4) for this purpose. **Place the completed Client References form in the Forms section of your proposal.**
- e. Work Plan Section

1) Overview

Specific instructions for the completion of the Work Plan Section are located in RFP Section K.3.e.(3).

- a) DHS is interested in proposals that provide well-organized, comprehensive and technically sound business solutions. Vague explanations will undermine the Proposer’s credibility and will result in reduced proposal scores.
- b) The Work Plan must include an in-depth discussion and description of the methods, approaches and step-by-step actions that will be carried out to fulfill all services described in the Scope of Work requirements (Exhibit A, Paragraph 6).

If the nature of a task or function hinders specific delineation of in-depth methods and procedures (e.g., a task is dependent upon future action or multiple approaches may be used), explain the probable methods, approaches or procedures that you will use to accomplish the task or function. Also, describe, in this instance, how you will propose the ultimate strategies and detailed plans to DHS for full consideration and approval before you proceed to carry out the project.

- c) If, for any reason, the Work Plan does not wholly address each Scope of Work requirement, fully explain each omission.

2) Rejection of Tasks, Activities or Functions

If full funding does not become available, is reduced, or DHS determines that it does not need all of the services described in this RFP, DHS reserves the right to offer an amended contract for reduced services.

3) Work Plan Content

- a) Briefly explain or describe the overall approach and/or methods that you will use to accomplish the Scope of Work.
- b) Explain why you chose the particular approaches and/or methods that are proposed (e.g., proven success or past effectiveness, etc.). Include an explanation of the benefit of these approaches and/or methods over other methods or approaches considered.
- c) If you envision any major complications or delays at any stage of performance describe those complications or delays and include a proposed strategy for overcoming those issues. Likewise, indicate if you do not anticipate any major complications or delays.

f. Management Plan Section

- 1) Describe how you will effectively coordinate, manage and monitor the efforts of the assigned staff, including subcontractors and/or independent consultants, if any, to ensure that all tasks, activities and functions are completed effectively and in a timely manner.
- 2) Describe the fiscal accounting processes that you will use to ensure responsible and accurate invoicing. Include at a minimum, a brief description of all of the following:
 - a) How the project hours will be accounted for and billed to DHS (e.g., time studies, other allocation methods).

- b) Proposed billing or invoicing format and content (must comply with Exhibit B provisions). Electronic billing is not possible. Invoice format and content are subject to DHS approval. Award of this contract does not imply approval of invoice format or content.
 - c) Identify the documentation that you will maintain on file or submit to DHS upon request to prove, support and/or substantiate the billable hours that are invoiced to DHS.
- 3) Include an organization chart(s) for the Proposer, Proposer's parent/affiliates, subcontractors (including independent consultants), and related parties. Instructions are explained in the Appendix Section [Section K.3.i (3)]. **Place the organization chart(s) in the Appendix Section of your proposal.**
 - 4) Include financial statements. Instructions are explained in the Appendix Section [Section K.3.i (4)]. **Place the financial statements in the Appendix Section of your proposal.** Identify the resources and/or reserves maintained and the policies and procedures in place that will ensure that adequate funding is available to sustain operations in the event that payment for contracted services is delayed. Due to the State Budget process, payments for services performed after June 30 of any given year may be delayed until after the State Budget Bill is signed.
- g. Project Personnel Section

- 1) In this section, describe your proposed staffing plan. In the staffing plan, include at a minimum:

DHS understands that some firms/partnerships may use job titles that are different from the personnel classes listed on the Cost Proposal Form. For the purposes of this RFP, bidders may list alternative job titles if these position requirements closely match the knowledge and responsibilities of the personnel class listed on the Cost Proposal Form (refer to RFP Section L.5). Please attach a short statement to the Cost Proposal Form, identifying 1) the title from the Cost Proposal Form that your firm does not use and 2) the title that your firm uses which you believe is equivalent to the title set forth in the Cost Proposal Form.

- a) Identify by name and position title, each key staff person that may have primary responsibility for managing, supervising, directing, overseeing and/or coordinating the work of assigned staff, subcontractors and/or independent consultants or that will exercise a major administrative, policy, or consulting role in carrying out the project work. (The position definitions for a Senior Health Care Actuary and Management Consultant are located in the Cost

Proposal Format and Content Requirements Section of this RFP.) Clearly indicate who will maintain effective communications with DHS (e.g., Project or Program Manager, Program or Project Director, Contract Manager, etc.).

- i. Briefly, describe each person's expertise, capabilities and credentials.
 - ii. Emphasize any relevant past experience with Medicaid and/or Medicare projects on capitation rate methods.
 - iii. Emphasize any relevant past experience in other governmental projects (other than Medicaid/Medicare) on rate methods.
 - iv. Emphasize any relevant past experience in non-governmental projects on capitation rate methods.
 - v. Include a resume for each key staff person listed above. Instructions are explained in the Appendix Section [Section K.3.i (5)]. **Place staff resumes in the Appendix Section of your proposal.** To the extent possible, resumes should not include personal information such as a social security number, home address, home telephone number, marital status, sex, birth date, age, etc.
- b) Identify by name all Health Care Actuaries (position definitions for a Health Care Actuary is located in the Cost Proposal Format and Content Requirements Section of this RFP) not identified in (a) above that may perform work under this project. Please include a dated verification from the Society of Actuaries website, which shows the actuary is in good standing. If the individual is not listed on the website, provide an explanation as to why they are not included and provide any supplemental information (e.g., membership certificates) necessary to verify their good standing as an actuary. DHS intends to check the Society of Actuaries website to confirm that the proposed Senior Health Care Actuaries [identified in (a) above] and Health Care Actuaries are in good standing.
- c) Identify by name and position title all Management Consultants not identified in Section K.3.g (1)(a) (position definitions for a Management Consultant is located in the Cost Proposal Format and Content Requirements Section of this RFP) that may perform a work under this project.
- d) Provide job descriptions for all positions identified in (a), (b), and (c) above. Job descriptions must indicate the typical tasks and responsibilities that you will assign to the position and will include

desired or required education and experience. **Place all job descriptions or duty statements at the end of the Project Personnel section.**

- e) DHS reserves the right to approve or disapprove of changes in Key Personnel that occur after DHS awards the contract.
- 2) Briefly, describe the policies and procedures that you will use to ensure that vacancies are filled expeditiously and that services are continued despite the presence of vacancies.
- 3) DHS reserves the right to approve or disapprove the selection of a subcontractor. Subcontracts of \$5,000 or more are subject to the prior review and written approval of DHS. If subcontractors (including independent consultants) for actuarial or financial consulting services will be used to perform contract services, Proposers must provide the following information on the subcontractors at the time of proposal submission:
 - a) Full legal name.
 - b) A brief description of the major duties and functional responsibilities that you intend to assign to the subcontracted firm or independent consultant.
 - c) A brief explanation as to why you chose the subcontracted firm or independent consultant. Stress things such as applicable skills, knowledge, capabilities, past experience or accomplishments, availability, reasonableness of rates, notoriety in a field or specialty, etc.
 - d) For actuarial services, please include a dated verification from the Society of Actuaries website, which shows the actuary is in good standing. If the individual is not listed on the website, provide an explanation as to why they are not included and provide any supplemental information (e.g., membership certificates) necessary to verify their good standing as an actuary.
 - e) A resume for each subcontractor and independent consultant. Instructions are explained in the Appendix Section [Section K.3.i (6)]. **Place all subcontractor and/or independent consultant resumes in the Appendix Section of your proposal.** To the extent possible, resumes should not include personal information such as a social security number, home address, home telephone number, marital status, sex, birth date, age, etc.
 - f) A letter of agreement, signed by an official representative of each subcontracted firm or independent consultant. Instructions are

explained in the Appendix Section [Section K.3.i.(7)]. These should be the same letters as submitted in the Technical Proposal Section K.3.b. **Place all subcontractor and/or independent consultant letters of agreement in the Appendix Section of your proposal.**

Specific subcontractor and/or independent consultant relationships proposed in response to this RFP (i.e., identification of subcontractors and independent consultants) shall not be changed during the procurement process or prior to contract execution. The identification of a subcontractor or independent consultant does not affect DHS' right to approve personnel or staffing selections or changes made after the contract award.

- g) Please describe the subcontractors and/or independent consultants background and experience and include all relevant sections as delineated in Section K.3.d.

h. Facilities and Resources Section

Describe the following as it relates to your capacity to perform the scope of work:

- 1) Current office facilities at your disposal including number of offices owned or leased, square footage, number of staff housed and physical location or address.
- 2) Current support services and office equipment capabilities immediately available and/or accessible for use in carrying out the proposed scope of work. Include the following , but not limited to:
 - a) A description of the range and/or type of support services available and number of staff.
 - b) Messenger, delivery, shipping, distribution, or transport capabilities.
 - c) Teleconferencing or telecommunications capabilities.
 - d) Printing/reproduction or photocopying capabilities.
 - e) Computer hardware and system capabilities (i.e., number, type, size, age, capacity and speed of personal computers or work stations and servers; Local Area Network capabilities, Wide Area Network capabilities; data transfer capabilities (disk or tape), data storage capacity, video/graphics capabilities, etc.).
 - f) Software applications in use (word processing applications, spread sheet applications, data base applications, graphics development

applications, Web page design applications, unique or other specialized software applications, etc.).

g) Other support functions or capabilities that can be accessed and/or utilized.

- 3) Identify any facilities, support services or equipment that you must purchase, rent or lease on a long or short-term basis to perform the services described in this RFP. **Please note: DHS will not reimburse equipment purchases under the resulting contract.**
- 4) Describe your policies and procedures (in place) to appropriately secure, store and maintain the sensitive and confidential data that may be provided by or accessed through the DHS and/or contracted managed care plans during the term of the resulting contract. See Exhibit E, Additional Provisions, for information regarding unauthorized disclosures and confidentiality.

i. Appendix Section – Technical Proposal

Place the following documentation in the Appendix section of your proposal in the order shown below.

1) Proof of Corporate Status

If the Proposer is a Corporation, submit a copy of your firm's most current Certificate of Status issued by State of California's Office of the Secretary of State or a copy of the firm's active on-line status information from the California Business Portal website. Submit an explanation if you cannot submit this documentation. Unless otherwise specified, do not submit copies of your firm's Bylaws or Articles of Incorporation.

2) Proof of Nonprofit Status

Nonprofit organizations must prove they are legally eligible to claim "nonprofit" and/or tax-exempt status by submitting a copy of an IRS determination letter indicating nonprofit or 501 (3)(c) tax-exempt status. Submit an explanation if you cannot supply this documentation.

3) Organization Chart

The Proposer's organizational chart must show the lines of authority and reporting relationships within your organization including the relationship between management and subcontractors and/or independent consultants, if any. Specify locations and reporting relationships for the project activities. These charts must also show

any related parties, affiliates, parent companies, and ownership of subcontracting entities.

4) Financial Statements

Submit copies of annual financial statements for the Proposer's past two fiscal years and subsequent quarterly statements up to the latest completed quarter prior to submission of the Proposal. The statements should include at a minimum:

- a) Annual and quarterly Income Statements.
- b) Annual and quarterly Balance Sheets.
- c) Annual Statement of Cash Flow (at a minimum for the last fiscal year).
- d) DHS will accept unaudited financial statements prepared by your financial accounting department, accounting firm or an auditing firm. For all unaudited financial statements, your proposal must include a statement, signed by the individual authorized to legally bind the Proposer that certifies that to the best of their knowledge the financial statements are accurate, complete with no material errors or omissions, and representative of the financial position of the Proposer. However, if you have had audited statements prepared for you at anytime during your last two full fiscal years, you must submit those audited financials as part of your financial statement package. You must also include a copy of the opinion statement provided by the auditing firm. If you supply audited financial statements, all noted audit exceptions must be explained in detail.
- e) If any audit/accounting firm(s) engaged by your firm has withdrawn or been removed by you from any audit engagement in the past five (5) years, please explain in detail:
 - i) The auditing firm's reason for their withdrawal and/or
 - ii) Your reasons for removal of the audit firm from the engagement.
 - iii) If you have changed accounting firms at any time in the last five years, please provide a narrative of the reason for each change.
- f) If any material change in the financial position of your firm occurs between the creation of the financial statements, but before the submission of this proposal, those changes must be identified and explained in detail.

5) Staff Resumes

Resume specifications appear in the Project Personnel section. To the extent possible, resumes should not include personal information such as a social security number, home address, home telephone number, marital status, sex, birth date, age, etc.

6) Subcontractor/Independent Consultant Resumes

Submit a resume for each subcontractor or independent consultant, if any, as discussed in the Project Personnel section. To the extent possible, resumes should not include personal information such as a social security number, home address, home telephone number, marital status, sex, birth date, age, etc.

7) Subcontractor/Independent Consultant Letters of Agreement

For each subcontractor and independent consultant that will be used to perform services under the resulting contract, submit a letter of agreement to work on this project.

A letter of agreement must be signed by an official representative of each subcontracted firm or independent consultant, indicating his or her acknowledgement of being named as a subcontractor or independent consultant, their availability to work on this project and acknowledgement that they have read or been made aware of the proposed contract terms, conditions and exhibits. Include an explanation if you cannot obtain a letter of agreement from each subcontractor and independent consultant and indicate when a letter of agreement will be forthcoming.

8) Attestations

- a) An attestation that this contract will be a high priority to the Proposer and that the Proposer is committed to supplying any necessary resources to meet its contractual obligations.
- b) An attestation from each subcontractor (including independent consultants), if any, that this contract is of high priority to the subcontractor and that the subcontractor is committed to supplying any necessary resources to meet its contractual obligations.
- c) An attestation from each parent organization, if any, that this contract is of high priority to the parent organization and that the parent organization is committed to supplying any necessary resources to assure full performance of the contract.

j. Forms Section – Technical Proposal, Letter of Intent and Mailing List

Complete, sign and include in your proposal the forms/attachments listed below. Several of the form/attachments are specifically referred to in the RFP document. Other forms/attachments have not been specifically identified, but must be completed as stated in this section. When completing the attachments, follow the instructions in this section and any instructions appearing on the attachment. After completing and signing the applicable attachments, assemble the forms as follows:

- Attachment 1 – This form is the first page of your technical proposal (see RFP Section K.3.a).
- Attachments 2 through 13 – Assemble in numerical order in the Forms Section of your technical proposal.
- Attachments 14 through 15 – Submission prior to the submission of your proposal as specified in Section H of this RFP.

Attachment and/or Documentation	Instructions
1 – Proposal Cover Page	Completion of the form is self-explanatory.
2 - Required Attachment / Certification Checklist	<p>1) Check each item with “Yes” or “No”, as applicable, and sign the form. If necessary, explain your responses.</p> <p>2) If a Proposer marks “Yes” or “No” and makes any notation on the checklist and/or attaches an explanation to the checklist to clarify their choice, DHS considers this a “qualified response”. Any “qualified response”, determined by DHS to be unsatisfactory or insufficient to meet a requirement, may cause a proposal to be deemed non-responsive.</p>
3 - Proposer Information Sheet	Completion of the form is self-explanatory.
4 - Proposer References	Identify three (3) clients you have serviced within the past five years that can confirm their satisfaction with your services and confirm if your firm provided timely and effective services or deliverables. If possible, identify clients whose needs were similar in scope and nature to the services sought in this RFP. List the most recent first.

Attachment and/or Documentation	Instructions
5 - RFP Clause Certification	Complete and sign this form indicating your willingness and ability to comply with the contract certification clauses appearing in the RFP section entitled, "Bid Requirements and Information," subsection "Bidding Certification Causes".
6 - CCC 304 Certification	Complete and sign this form indicating your willingness and ability to comply with the Contractor Certification Clauses appearing in this Attachment.
7 – Payee Data Record	Complete and return this form, <u>only</u> if you have not previously entered a contract with DHS. If uncertain, complete and return the form.
8 – Follow on Consultant Contact Disclosure	Read and carefully follow the completion instructions in Attachment 8. Mark box that applies. If second box marked attach detailed disclosure.
9a - Actual DVBE Participation and applicable DVBE certification(s) and/or 9b - Good Faith Effort with required documentation	Read and carefully follow the completion instructions in Attachment 8. Attach the documentation that is required for the form(s) you choose to submit. One and/or both of these two forms may be required.
10 - Target Area Contract Preference Act Request	Complete and return this form, <u>only</u> if your firm is based in California, DHS has not pre-set any part of the work location, and you wish to apply for TACPA preference.
11 - Enterprise Zone Act (EZA) Preference Request	Complete and return this form, <u>only</u> if your firm is based in California, no part of the work location has been preset by DHS, and you wish to apply for EZA preference.
12 – Small Business Preference	Completion of the form is self-explanatory.

Attachment and/or Documentation	Instructions
13 - Conflict of Interest Compliance Certificate	<p>Proposers must assess their own situation according to the Conflict of Interest Compliance Certification information in this attachment. Complete, sign and attach any required documentation according to the instructions on the attachment.</p> <p>In the event that a Proposer has a suspected or potential conflict relationship, the Proposer must provide a written statement to DHS that describes what relationship it has with the entity in question, and its plan for protecting DHS from any potential conflict or negative impact.</p>
14 – Voluntary Letter of Intent	This is a non-binding Letter of Intent whose purpose is to assist DHS in determining the staffing needs for the proposal evaluation process and to improve future procurements (refer to RFP Section H).
15 – Request for Inclusion on Mailing Listing	This is a mandatory request form, which will allow DHS to continue to provide your firm with the automatic updates to this RFP (refer to RFP Section H.3).

L. COST PROPOSAL FORMAT AND CONTENT REQUIREMENTS

The Cost Proposal must be submitted in a separate container apart from the technical proposal, under sealed cover, with the signature of a person(s) authorized to legally bind the Proposer (Contractor).

1. General Instructions

- a. Each Proposer shall submit only one cost proposal. If a Proposer submits more than one version of the cost proposal, all cost proposals from that Proposer will be rejected.
- b. Develop cost proposals by following all RFP instructions and/or clarifications issued by DHS in the form of questions and answer notices, clarification notices, Administrative Bulletins or RFP addenda.
- c. Before submitting your cost proposal, seek timely written clarification of any requirements or instructions that you believe to be vague, or unclear, or that you do not fully understand. The Proposer assumes the risk that its proposal may be rejected for failure to follow a rule or requirement that DHS interprets differently than you did in preparing your proposal.

- d. Arrange for the timely delivery of your cost proposal to the address specified in this RFP. Do not wait until shortly before the deadline to submit the cost proposal. The cost proposal is to be submitted at the same time the technical proposal is submitted.

2. Format Requirements

- a. Submit one (1) original proposal, five (5) written copies or sets, and one (1) CD-ROM of the cost proposal.
- b. Assemble the original set (transmittal letter and attachments) and five (5) copies and one (1) CD-ROM of your cost proposal together. Clearly label the original hard copy "Original Set".
- c. The outside of each box containing the cost proposals shall be marked with the name of the Proposer and shall be labeled:

COST PROPOSAL FOR THE
CALIFORNIA ACTUARIAL RATE DEVELOPMENT PROJECT
RFP 04-35855

3. Cost Proposal Transmittal Letter

The Proposer shall write a Cost Proposal Transmittal Letter to transmit the cost proposal to DHS.

The Cost Proposal Transmittal Letter shall be a business letter using a standard business format from the legal entity that would be the Contractor. The letter should be brief, and signed by a person(s) authorized to legally bind the Proposer to the cost proposal. The letter shall:

- a. Identify all materials and enclosures being forwarded in response to the cost proposal requirements in the RFP.
- b. Include a certification statement that the data submitted for the cost proposal is current, accurate and complete;
- c. Contain a statement that the Proposer is aware that all prices contained in the cost proposal's hourly bid rates are fixed prices, and will remain the same for the entire contract term.
- d. Attach the completed and signed Cost Proposal Form (Attachment 16). Please note that this form is not to be submitted as part of the technical proposal.

4. Cost Proposal Form Instructions

- a. The Cost Proposal Form (Attachment 16) must be typewritten or completed in ink. Errors, if any, should be crossed out and corrections should be printed in ink or typewritten adjacent to the error. The person who signs the Cost Proposal should initial all corrections preferably in blue ink.
- b. On the Cost Proposal Form, indicate the billable rates for the positions specifically identified on the form.
- c. When completing the Cost Proposal Form, include all estimated costs to perform the services for the entire term, including applicable annual rate adjustments attributable to merit increases, profit margins, and inflation or cost of living adjustments.
- d. All costs for a Specific Position indicated on the Cost Proposal Form should be included in the position's billable rate. Any applicable personnel not specifically indicated on the Cost Proposal Form (i.e., management, clerical, support staff) should be factored into the indicated positions' billable rates.

5. Position Definitions:

The following positions are identified on the Cost Proposal form:

- a. Senior Health Care Actuary: This is a full professional level position. The individual must possess an associateship or fellowship in the Society of Actuaries or the Casualty Actuarial Society, and membership in the American Academy of Actuaries. The individual will be responsible for supervising or assuming lead responsibilities over actuarial statisticians and journey/professional level actuaries, and/or acts as a consultant or lead on the most complex and sensitive program issues. The Senior Health Care Actuary must be an expert in health care benefits, preferably in the Medicaid program, and has demonstrated success in managing a consulting unit or sizable client team; provides actuarial opinions and prepares statements, reports, and valuations of actuarial and statistical data relating to health care; may act as a manager or a lead over non-actuarial personnel; and prepares memoranda of proposed actions and recommendations based on actuarial applications and conclusions. The individual must have knowledge of managed care principles, and financial structures of various types of managed care companies.
- b. Health Care Actuary: This is a full professional level position. The individual must possess an associateship or fellowship in the Society of Actuaries or the Casualty Actuarial Society, and membership in the American Academy of Actuaries. Under direction of the Senior Health Care Actuary, the individual performs the actuarial work involved in the

examination of health care related data, and provides valuations based on actuarial and statistical analysis; may act as a lead to non-actuarial personnel; and works under the direction of the Senior Health Care Actuary. The individual must have knowledge of managed care principles, and the different types of managed care models and their financial structures.

- c. Management Consultant: The individual must possess a working knowledge of the financial and operational aspects of the health care industry including managed care and Medicaid. The individual will typically provide analyses and recommendations, provide oral and written narratives, and attend briefings and meetings with actuaries and supervisory staff.

6. Escrow Bid Documents

a. Scope

- 1) The Contractor identified in the Notice of Intent to Award shall submit, within three (3) days after the posting of the Notice of Intent to Award, one (1) copy of all documentary information developed by the Contractor in preparation of bid prices for this procurement. This material is hereinafter referred to as "Escrow Bid Documents." The Escrow Bid Documents of the apparent successful bidder will be held in escrow for the duration of the contract. All other Contractors not identified in the Notice of Intent to Award shall be prepared to submit Escrow Bid Documents upon request of the State, in the event the contract is not awarded to the Contractor identified in the Notice of Intent to Award. Escrow Bid Documents will be used to assist in the negotiation for the settlement of claims, in the resolution of disputes, and in Change Order pricing. They will not be used for pre-award evaluation of the bidder's anticipated method of operations or to assess the Contractor's qualifications for performing the work.
- 2) The successful bidder agrees, as a condition of award of the contract, that the Escrow Bid Documents constitute all of the information used in preparation of the bid, and that no other bid preparation information will be considered in resolving claims. Nothing in the Escrow Bid Documents shall change or modify the terms or conditions of the contract.
- 3) If the bidder's proposal is based on subcontracting any part of the work, each subcontractor (including independent consultants), whose total subcontracting price exceeds five percent (5%) of the total hourly rate as proposed by the bidder shall provide separate Escrow Bid Documents to be submitted with those of the bidder. These submittals will be examined in the same manner and at the same time as the examination of the submittals for the apparent successful bidder.

b. Ownership and Confidentiality

- 1) The Escrow Bid Documents are, and will always remain, the property of the bidder, subject only to joint review by the State and the Contractor.
- 2) The State stipulates and expressly acknowledges that the Escrow Bid Documents constitute trade secrets, and are proprietary and confidential.
- 3) The State agrees to safeguard the Escrow Bid Documents, and all information contained therein, against disclosure to the fullest extent permitted by law.

c. Format and Contents

Bidders may submit Escrow Bid Documents in their usual cost-estimating format. Escrow Bid Documents shall be adequate to enable complete understanding and proper interpretation for their intended use. Escrow Bid Documents shall clearly itemize the estimated costs of performing the work, for each level of work specified in the RFP (e.g., the generation of all required reports, estimates used to calculate the hourly rate for Consultative Services, etc.). Items shall be separated into sub-items as required to present a complete and detailed cost estimate and allow a detailed cost review. The Escrow Bid Documents shall include all labor costs, equipment costs, copies of quotations from subcontractors (including independent consultants) and suppliers, and memoranda, narratives, consultant's reports, add/deduct sheets, and all other information used by the bidder to arrive at the billable rates contained in the Cost Proposal. Estimated costs shall be broken down into the bidder's usual estimate categories such as direct labor, equipment, equipment operations, expendable materials, and subcontract costs as appropriate. Plant and equipment and indirect costs shall be detailed in the bidder's usual format. The bidder's allocation of plant and equipment, indirect cost contingencies, markup and other items shall be included.

d. Required Cost Justification/Documentation

DHS requires that a narrative of facts and information be included in the Escrow Documentation as required cost justification. While these issues may be explained in the normal course of preparing the Escrow Statement, DHS wishes to be assured that these points are discussed and explained, if applicable. In addition to any other information you have already supplied, the narratives are to explain the general structure, business practices and assumptions made in preparing the cost proposal, as applicable. Include or identify as provided any source documentation required to support the narrative.

The following narrative information must be provided as part of the Escrow Document:

- 1) Discuss the methods used to determine that an appropriate rate of compensation has been used in constructing the bid proposal.
- 2) Discuss the methods used to determine that the appropriate number of staff, at the appropriate level of job skills, have been established and used in building the cost proposal.
- 3) Discuss the infrastructure of the Contractor's firm and/or business arrangements, which can support a project of this size.
 - a) Address the Contractor's facilities to be used, their location(s) and their ability to meet the requirements in the contract.
 - b) If additional facilities are needed, how are these facility costs budgeted and how do these costs affect your cost proposal.
 - c) Discuss the location of your staff and the effect their location will have on the cost of travel as it affects your cost proposal. Clearly indicate if your budget would include travel expenses greater than \$50,000.
 - i. If projected travel expenses are greater than \$50,000, explain what steps Contractor's firm took to limit the impact of travel on your cost proposal.
 - ii. Travel reimbursement generally may not exceed the current rates paid to non-represented State employees (see Exhibit G for additional information.) Expenses exceeding current State rates must be explained and justified. State employees receive discounted lodging rates in many areas. In justifying per diem costs, indicate if you do not have access to discounted rates.
 - iii. No meetings, conferences or training, where DHS staff participates, will be held outside of California. The Contractor should anticipate that the majority of the meetings with DHS staff, if not all, will be held in DHS offices located in Sacramento, California.
 - d) Equipment
 - i. Minor equipment is defined as a tangible or intangible item with a base unit cost of less than \$5,000 and a life expectancy of one year or more and is on DHS' Minor Equipment List and that is

purchased or reimbursed with agreement funds.

- ii. Major equipment is defined as a tangible or intangible item with a base unit cost of \$5,000 or more and a life expectancy of one year or more that is purchased or reimbursed with agreement funds.
- iii. DHS will not reimburse equipment purchases under the resulting contract.

e) Indirect Cost

- i. Discuss the cost allocation methodology used to determine the indirect cost amounts included in this Cost Proposal.
- ii. If parent company or subsidiary company costs are included in the indirect cost amount, provide a description of the services received from the Contractor's parent company or subsidiary company. The description should include, but not be limited to, the company name, relationship to Contractor, services provided, costs included in the Cost Proposal, and cost allocation methodology.

f) Subcontractor/Independent Consultant Use and Fees/Rates and Costs.

- i. Discuss the necessity of using each subcontractor and/or independent consultant. Explain what contributions their services and expertise will add to this project.
- ii. For subcontractors (including independent consultants), explain how the Contractor determined the amount(s) to budget for each proposed subcontracted activity or function.

e. Submittal

- 1) The Escrow Bid Documents shall be submitted by the apparent successful bidder in a sealed container. The container shall be clearly marked on the outside with the Contractor's name, date of submittal, procurement identification, and the words "Escrow Bid Documents."
- 2) The Escrow Bid Documents shall be accompanied with an index to inventory the contents of the submittal, and the Bid Documentation Certification (Exhibit E-1) signed by an individual authorized by the Contractor to execute the price proposal.
- 3) Prior to award, only the index to the Escrow Bid Documents of the apparent successful bidder will be examined by the representatives of

DHS. This examination is to ensure that the index is detailed and complete, and conforms to the format and content requirements set forth herein. If all the required documentation has not been indexed in the original submittal, a revised index and revised Escrow Bid Documents (if required) shall be submitted at the State's discretion, prior to award of the contract.

- 4) If the contract is not awarded to the apparent successful bidder, the next bidder to be considered for award shall, upon request of DHS, submit Escrow Bid Documents for processing. Timely submission of complete Escrow Bid Documents is an essential element of the bidder's responsiveness. Failure to provide the necessary Escrow Bid Documents may be sufficient cause for the State to reject the bid.

f. Storage

The Escrow Bid Documents shall be placed in escrow for the life of the contract. Upon execution of the contract and acceptance of the escrow index as complete, the documents shall be placed in a third party institution acceptable to both the State and the Contractor as securing the documents. (Examples: an Escrow Document Company, a bank safety deposit box or similar arrangement.) The signature and presences of an appropriate State representative and the contractor shall be required to open or retrieve the escrow documents.

The contractor shall pay the cost of storing the escrow documents. However, the State shall be listed and acknowledged to the third party as holding a vested interest in the documents or box containing the escrow documents. Timely notification of the State or DHS by the third party document holder is required if the contractor is failing to maintain the agreed upon document holding account.

g. Examination after Award of the Contract

- 1) The Escrow Bid Documents shall be examined by both the State and the Contractor, at any time deemed necessary by either the State or the Contractor, to assist in the negotiation for the settlement of claims, in the resolution of disputes, and in Change Order pricing. Examination of the Escrow Bid Documents is subject to the following conditions:
 - a) As trade secrets, the Escrow Bid Documents are proprietary and confidential.
 - b) The Contracting Officer and the Contractor shall each designate, in writing to the other party and within a minimum of five days prior to examination, representatives who are authorized to examine the

Escrow Bid Documents. No other person shall have access to the Escrow Bid Documents.

- c) Access to the Escrow Bid Documents will take place only in the presence of duly designed representatives of both the Contracting Officer and the Contractor.

h. Final Disposition

The Escrow Bid Documents shall be returned to the Contractor at such time as the contract has been completed and final settlement has been made.

M. PROPOSAL SUBMISSION

1. General Instructions

- a. Assemble the Original Set, five (5) copies and the one (1) CD ROM of your technical proposal according to the instructions in RFP Section K.2. Assemble the Original Set, five (5) copies and the one (1) CD ROM of your cost proposal according to the instructions in RFP Section L.2.
- b. Package your technical proposal as instructed in RFP Section K.2. Package your cost proposal as instructed in RFP Section L.2.
- c. Mail or arrange for hand delivery of your proposal (both technical and cost) to DHS at the address specified below. Do not wait until shortly before the deadline to submit your proposal. Proposals may not be transmitted electronically by fax or e-mail.
- d. The OMCP must receive your technical proposal and your cost proposal, regardless of postmark or method of delivery, by 4:00 p.m. Pacific Time on December 27, 2004.
- e. Any technical or cost proposals received after 4:00 p.m. on December 27, 2004, will be rejected by DHS as not being timely. There will be no exceptions to this policy.
- f. Late proposals will not be reviewed or scored. Proposals received after the deadline will be returned to the Proposer.
- g. It is the sole responsibility of the Proposer to ensure that the OMCP receives proposals by the required time and date.
- h. Label and submit your proposal to the following address using one of these methods.

U.S. Mail:	Hand Delivery or Overnight Express/Courier:
Questions re: RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 P.O. Box 997413 Sacramento, CA 95899-7413	Questions re: RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 9800 Old Winery Place Sacramento, CA 95827

If you choose hand delivery, allow sufficient time to locate parking, sign in at the Security desk and have OMCP staff meet you to accept your proposals. For driving and parking instructions, please see RFP Appendix 1.

2. Proof of Timely Receipt

- a. Upon delivery of the technical and cost proposals to the OMCP, each Proposer will be issued a receipt indicating the date and time the proposal was received. Security personnel or DHS staff will log in your proposal and attach a date/time slip or bid receipt to each proposal package/envelope received. If a proposal envelope or package is hand delivered, staff will give the proof of receipt to the hand carrier. If a proposal envelope or package is mailed, the DHS staff will mail a receipt to the Proposer.
- b. To be timely, OMCP must receive each proposal at the stated delivery address no later than 4:00 p.m. on the proposal submission due date. Neither delivery to the DHS mailroom or a U.S. Postal Service postmark will serve as proof of timely delivery.
- c. DHS will deem late proposals non-responsive.

3. Proposer Costs

Proposers are responsible for all costs of developing and submitting a proposal. Such costs cannot be charged to DHS or included in any cost element of a Proposer's price offering.

N. EVALUATION AND SELECTION

Evaluation and Selection will consist of multiple stages as detailed below. The evaluation process will be used to review and/or score technical proposals. DHS will reject any proposal that is found to be non-responsive at any stage of evaluation. An evaluation committee will be used for all stages during the evaluation and selection process. The evaluation committee is comprised of four groups:

- The **Preliminary Review Committee (PRC)** consists of team leads from the OMCP and the MMCD and conducts Stage 1 review.
 - The **Evaluation Scoring Committee (ESC)** consists of the MMCD staff and DHS staff working in other areas of the Medi-Cal program. The ESC is responsible for the review of the proposals.
 - The **Rating Review Committee (RRC)** consists of OMCP management staff and members of the PRC. The RRC will interact with the ESC throughout the evaluation process.
 - The **Executive Review Committee (ERC)** consists of DHS management officials. The ERC may, at the members' discretion, review evaluation and selection processes and recommended scores for each proposal throughout the procurement process. This review is to assure all appropriate procedures and processes have been followed. Additionally, the ERC may seek independent review or advice from individuals within DHS or elsewhere regarding procurement policy matters, technical and/or cost proposal deficiencies, and acceptability.
1. Stage 1 – Reviewing Required Attachment/Certification Checklist, Attachment 2 (Pass/Fail)
 - a. Shortly after the proposal submission deadline, the PRC will convene to review each proposal for timeliness, completeness and initial responsiveness to the RFP requirements. This is a pass/fail evaluation.
 - b. In this review stage, the PRC will compare the contents of each proposal to the claims made by the Proposer on the Required Attachment/Certification Checklist, Attachment 2, to determine if the Proposer's claims are accurate.
 - c. If deemed necessary, the PRC may collect additional documentation (i.e., missing forms, missing data from RFP attachments, missing signatures, etc.) from a Proposer to confirm the claims made on the Required Attachment/Certification Checklist, to ensure that the proposal is initially responsive to the RFP requirements. It is incumbent upon the Proposer to ensure that all required forms, data, information, etc. are complete, correct, and signed (if required) when the proposal is submitted.
 - d. If a Proposer's claims on the Required Attachment/Certification Checklist cannot be proven or substantiated, the proposal may, at DHS' sole discretion, be deemed non-responsive and rejected from further consideration.

2. Stage 2 – Scoring the Technical Proposal (Point Scored/Weighted Component)
 - a. Technical proposals that meet the basic format requirements, initial qualification requirements and contain the required documentation, as evidenced by passing the Stage 1 review, will be submitted to the ECS.
 - b. The technical proposal score represents seventy percent (70%) of the overall proposal score.
 - c. The ESC will individually and/or as a team review and evaluate proposals based on the proposal's adequacy, thoroughness, and the degree to which it complies with the RFP requirements.
 - d. The ESC will use the scoring system detailed in the chart below to assign points. In addition to the points available for each evaluation question, there is also a weighting factor for each question. The Points Awarded to a Proposer will be multiplied by the respective Weight. The product equals Total Points Earned.

Following this chart is a list of the considerations that the ESC may take into account when assigning points to a technical proposal.

Points	Interpretation	General Basis For Point Assignment
0	Inadequate	Proposal response (i.e., content and/or explanation offered) is inadequate or does not meet DHS' needs/requirements or expectations. The omission(s), flaw(s), or defect(s) are significant and unacceptable.
1	Barely Adequate	Proposal response (i.e., content and/or explanation offered) is barely adequate or barely meets DHS' needs/requirements or expectations. The omission(s), flaw(s), or defect(s), may be consequential but are acceptable.
2	Adequate	Proposal response (i.e., content and/or explanation offered) is adequate or meets DHS' needs/requirements or expectations. The omission(s), flaw(s), or defect(s), if any, are inconsequential and acceptable.
3	More than Adequate	Proposal response (i.e., content and/or explanation offered) is more than adequate or fully meets DHS' needs/requirements or expectations. Minimal weaknesses are acceptable.

Points	Interpretation	General Basis For Point Assignment
4	Excellent or Outstanding	Proposal response (i.e., content and/or explanation offered) is above average or exceeds DHS' needs/requirements or expectations. Proposer offers one or more enhancing features, methods or approaches that will enable performance to exceed DHS' basic expectations.

- e. In assigning points for individual Evaluation Questions, the ECS may consider issues including, but not limited to, the extent to which a technical proposal:
- 1) Is lacking information, lacking depth or breadth or lacking significant facts and/or details, and/or
 - 2) Is fully developed, comprehensive and has few if any weaknesses, defects or deficiencies, and/or
 - 3) Demonstrates that the Proposer understands DHS' needs, the services sought, and/or the contractor's responsibilities, and/or
 - 4) Illustrates the Proposer's capability to perform all services and meet all Scope of Work requirements, and/or
 - 5) If implemented, will contribute to the achievement of DHS' goals and objectives, and/or
 - 6) Demonstrates the Proposer's capacity, capability and/or commitment to exceed regular service needs (i.e., enhanced features, approaches, or methods; creative or innovative business solutions).
- f. Technical proposals will be scored on a scale of up to 700 points as follows:

Proposers may be awarded up to the Points Available per Evaluation Section. Each Evaluation Section has a corresponding Section Weight. The product of the points awarded and the Section Weight equals the Score per Section.

Final technical proposal scores shall result in numbers rounded to two decimal places.

Evaluation Section	Points Available	Section Weight	Maximum Score per Section
Proposer Capability	0 – 76	2.9605	225
Work Plan	0 – 12	8.3333	100
Management Plan	0 – 20	5.0000	100
Project Personnel	0 – 32	7.031	225
Facilities and Resources	0 – 12	4.1667	50
MAXIMUM TECHNICAL PROPOSAL SCORE			700

g. The evaluation rating factors and points available per factor are as follows:

Proposer Capability Rating Factors		Points Available	Points Earned
1.	From the date of establishment, has the Proposer been in business for the last three (3) years. 0 – 2 year = 0; 3 years = 3; 4 years or more = 4.	4	
2.	Upon reviewing the Proposer's description of its business history, to what extent are the Proposing firm's goals relevant, closely related, or will complement this project?	4	
3.	From the experience described in its proposal, to what extent does the Proposer possess relevant past experience with Medicaid and/or Medicare?	4	
4.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in providing an independent analysis and review of statements, reports, and valuations on actuarial and statistical data, and providing actuarial opinions on areas such as, but not limited to, level of capitation rates, reserves, medical provider reimbursement, demographic adjustments or other relevant factors?	4	
5.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in preparing reports and other correspondence of proposed actions and recommendations in the area of capitation rate methodology as it relates to Medicare and/or Medicaid managed care programs.	4	

Proposer Capability Rating Factors	Points Available	Points Earned
<p>6. From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in developing and maintaining automated databases to facilitate analyses of issues in rate development, implementation and monitoring, and serving as the foundation of an evidentiary base to support potential issue statements, arguments, and proposals? The database shall consist of relevant economic, accounting, financial, operational, rate, demographic, and claim-based information, including, but not limited to, selected data from managed care plans, Medicaid and/or Medicare data, provider-based paid claims and rate data files, nursing home and hospital financial disclosure and cost reports, and other selected State and non-State sources.</p>	4	
<p>7. From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in constructing and updating an automated model of one or more managed care capitation rate methodologies for various providers, including but not limited to physician, pharmacy, long-term care, hospital, and outpatient facilities for the purpose of analyzing individual reimbursement variables (e.g., geographic location, inflation, eligibility, trend, utilization, national and regional factors, carved out services, administrative cost) and their relative impact on the total reimbursement system?</p>	4	
<p>8. From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in analyzing rate cell alternatives for identification of various population groupings (e.g., age/gender, or by Medicaid eligibility)?</p>	4	
<p>9. From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in assessing compliance of rate methods and applications with federal or State laws, rules, and regulations on reimbursement and budget related issues?</p>	4	

Proposer Capability Rating Factors		Points Available	Points Earned
10.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in developing pricing specific to stop-loss insurance and reinsurance?	4	
11.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in analyzing several years of inflation and economic trends, and providing alternative trend models?	4	
12.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in analyzing different types of rate methodologies and models used by governmental and/or commercial entities?	4	
13.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in analyzing the financial statement data of managed care plans or designated classes of providers, with a specific focus towards relevant issues affecting rate methodologies?	4	
14.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in analyzing encounter data?	4	
15.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in analyzing rate methodologies for compliance with the Centers for Medicare and Medicaid Services (CMS) Rate Checklist (Appendix A. PAHP, PIHP and MCO Contracts – Financial Review Documentation for At-risk Capitated Contracts Ratesetting)?	4	
16.	From the experience described in its proposal, to what extent does the Proposer possess sufficient experience in providing expert testimony on capitation rate methods and in providing opinions on court documents, discovery materials, and other relevant materials used in court proceedings?	4	

Proposer Capability Rating Factors		Points Available	Points Earned
17.	Based on a review of the Proposer's information about its prior accounts or work projects, to what extent did the Proposer demonstrate that it has performed services that were similar in nature or closely related to the RFP Scope of Work?	4	
18.	To what extent did the Proposer demonstrate that it has had experience establishing and maintaining effective working relationships with government entities, local community based organizations and/or private nonprofit organizations?	4	
19.	Did the three referenced firms support the Proposer's claims regarding (1) satisfaction with services, (2) timely and effective provision of services and deliverables?	4	

Work Plan Rating Factors		Points Available	Points Earned
20.	To what extent does the Proposer describe the activities and functions that the Proposer may perform to fulfill all Scope of Work requirements?	4	
21.	To what extent do the Proposer's overall approaches and/or methods reflect a well organized, comprehensive, and technically sound plan?	4	
22.	To what extent does the Proposer describe strategies to communicate information to DHS and will they meet the objectives of the Scope of Work?	4	

Management Plan Rating Factors		Points Available	Points Earned
23.	To what extent has the Proposer demonstrated its capability to effectively coordinate, manage and monitor the efforts of assigned staff (including subcontractors and independent consultants) to ensure that work is effectively and timely completed?	4	

Management Plan Rating Factors		Points Available	Points Earned
24.	Upon reviewing the Proposer's description of its fiscal accounting processes, to what extent are the fiscal processes adequate to ensure responsible and accurate billing of project hours on invoices? Has the Proposer demonstrated that it will maintain appropriate documentation to prove, support or substantiate the billable hours invoiced to DHS?	4	
25.	Upon reviewing the Proposer's description of its fiscal accounting processes, to what extent does the proposed billing or invoicing format and content comply with Exhibit B provisions?	4	
26.	Upon reviewing the Proposer's organization chart, to what extent is the Proposer's organization structurally sound with distinct lines of authority and reporting relationships between management and all staff including Proposer, Proposer's parent/affiliates, subcontractors (including independent consultants) and related parties?	4	
27.	Upon reviewing the Proposer's financial statements, to what extent does the proposer demonstrate available resources to sustain operations in the event that payment for contracted services is delayed?	4	

Project Personnel Rating Factors		Points Available	Points Earned
28.	Upon comparing the organization charts submitted as part of the Management Plan Section to the names and position titles of key personnel (as defined in RFP Section K.g.1(a)), to what extent do these two documents agree?	4	
29.	Upon reviewing the background and resumes of the proposed in-house staff and subcontractors (including independent consultants), to what extent do the proposed personnel possess the qualifications and expertise needed to perform the work under the scope of this RFP?	4	

Project Personnel Rating Factors		Points Available	Points Earned
30.	Upon reviewing the proposed job descriptions for the proposed personnel (in-house staff and subcontracting), to what extent does the Proposer's assignment of tasks and responsibilities among personnel appear reasonable and adequate to fulfill the Scope of Work under this RFP?	4	
31.	Did the Proposer provide adequate verification that the actuarial personnel (in-house staff and subcontracting) qualify and are in good standing under the qualification standards established by the American Academy of Actuaries? ¹	4	
32.	Upon reviewing the Proposer's administrative policies and procedures, to what extent will the policies and procedures ensure that vacancies are timely filled and that services are continued despite the presence of vacancies?	4	
33.	To what extent did the Proposer identify proposed actuarial personnel (in-house staff and/or subcontractors (including independent consultants)) possessing experience in Medicaid and/or Medicare projects on capitation rate methods?	4	
34.	To what extent did the Proposer identify proposed actuarial personnel (in-house staff and/or subcontractors (including independent consultants)) possessing experience in governmental projects (other than Medicaid /Medicare) on capitation rate methods?	4	
35.	To what extent did the Proposer identify proposed actuarial personnel (in-house staff and/or subcontractors (including independent consultants)) possessing experience in other non-governmental projects on capitation rate methods?	4	

¹ DHS intends to check the Society of Actuaries website to confirm that the proposed actuaries are in good standing. Please include a dated verification (e.g., page print from website) with the individuals' resumes. If the individual is not listed on the website, why they are not included and does the supplemental information provided verify that the individual is in good standing as an actuary.

Facilities and Resources Rating Factors		Points Available	Points Earned
36.	To what extent does the Proposer have access to office facilities that are sufficient to enable performance of the scope of work?	4	
37.	To what extent does the Proposer have access to adequate support services and other resources that are needed to ensure successful performance?	4	
38.	To what extent do the Proposer's policies and procedures appear appropriate to secure, store and maintain the sensitive and confidential data that may be provided by or accessed through the DHS and/or contracted managed care plans during the term of the resulting contract?	4	

3. Stage 3 – Scoring the Cost Proposal (Point Scored/Weighted Component)

- a. The PRC will reconvene to review each cost proposal for completeness and responsiveness to the RFP requirements. Submission of a complete and signed cost proposal in DHS' prescribed format is mandatory (refer to Attachment 15). If a Proposer fails to comply, its cost proposal may, at DHS' sole discretion, be deemed non-responsive and the entire proposal rejected from further consideration.
- b. After it has been determined that the cost proposal is complete and in compliance with the RFP instructions, the ESC will:

- 1) Evaluate each overall price in relation to the lowest overall price submitted. The lowest price will be given the maximum points allowed, while the other prices will be scored using the following formula:

$$\frac{\text{Lowest Cost Price}}{\text{Propose Cost Price}} \times 300 \text{ Points (Maximum Price Cost Score)} = \text{Cost Proposal Score}$$

- 2) In the event of arithmetic or transposition errors, DHS will interpret numbers contained in the Cost Proposal in the manner described in the Department Rights, RFP Section O.8.d.(1), Correction of Clerical or Mathematical Errors.
- 3) The maximum amount of points that can be earned from the Cost Proposal is 300, representing thirty percent (30%) of the overall proposal score. Final cost proposal scores shall result in numbers rounded to two decimal places.

4. Stage 4 – Adjustments To Score Calculations For Bidding Preferences

- a. DHS, at its sole discretion, will determine which firms, if any, are eligible to receive a bidding preference (i.e., small business preference, TACPA and/or EZA).
- b. To confirm the identity of the highest scored responsible Proposer, DHS will adjust the total proposal costs for applicable claimed preferences(s) and will readjust the cost score of those Proposers eligible for bidding preferences. DHS will apply preference adjustments to eligible Proposers according to State regulations following verification of eligibility with the appropriate office of DGS. More information about the allowable bidding preference appears in RFP Section R, “Preference Programs.”
- c. The overall price of Proposers claiming preference programs will be adjusted by the appropriate percentage in order to determine the lowest bid price after adjustment. This adjusted bid price will be used to calculate cost proposal point awards.

5. Stage 5 – Calculating The Total Proposal Score

The RRC will use the formula shown below to calculate total proposal score and to determine the highest scored proposal. The final total proposal score calculations shall result in numbers rounded to two decimal places.

Technical Proposal Score + Cost Proposal Score = Total Proposal Score

O. BID REQUIREMENTS AND INFORMATION

1. Non-Responsive Proposals

In addition to any condition previously indicated in this RFP, the following occurrences **may** cause DHS to deem a proposal non-responsive.

- a. Failure of a Proposer to:
 - 1) Meet DVBE participation goals or to demonstrate that a substantial Good Faith Effort (GFE) was made to meet those goals.
 - 2) Meet proposal format/content or submission requirements including, but not limited to, the sealing, labeling, packaging and/or timely and proper delivery of proposals.
 - 3) Pass the Required Attachment/Certification Checklist review (i.e., by not marking “Yes” to applicable items or by not appropriately justifying, to DHS’ satisfaction, all “No” designations).

- 4) Submit a **mandatory** Conflict of Interest Compliance Certificate in the manner required.
 - b. If a Proposer submits a proposal that is conditional, materially incomplete or contains material defects, alterations or irregularities of any kind.
 - c. If a Proposer supplies false, inaccurate or misleading information or falsely certifies compliance on any RFP attachment.
 - d. If DHS discovers, at any stage of the bid process or upon contract award, that the Proposer is unwilling or unable to comply with the contract terms, conditions and exhibits cited in this RFP or the resulting contract.
 - e. If other irregularities occur in a proposal response that is not specifically addressed herein (e.g., the Proposer places any conditions on performance of the Scope of Work, submits a counter proposal, etc.).
2. Proposal Modifications After Submission
 - a. All proposals are to be complete when submitted. However, an entire proposal may be withdrawn and the Proposer may resubmit a new proposal prior to the proposal submission deadline.
 - b. To withdraw and/or resubmit a new proposal, follow the instructions appearing in the RFP section entitled, "Withdrawal and/or Resubmission of Proposals".
3. Withdrawal and/or Resubmission of Proposals
 - a. Withdrawal deadlines

A Proposer may withdraw a proposal at any time before the proposal submission deadline.

With the consent of DHS, a proposal may be withdrawn after the proposal submission deadline. A proposal withdrawn after the submission deadline may not be resubmitted or replaced by a newly submitted proposal.
 - b. Submitting a withdrawal request
 - 1) Submit a written withdrawal request, signed by an authorized representative of the Proposer.
 - 2) Label and submit the withdrawal request using one of the following methods.

U.S. Mail:	Hand Delivery or Overnight Express/Courier:
Withdrawal of RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 P.O. Box 997413 Sacramento, CA 95899-7413	Withdrawal of RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 9800 Old Winery Place Sacramento, CA 95827
Fax: Withdrawal of RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement FACSys: (916) 464-0855 Fax: (916) 255-6126	

- 3) **[For faxed withdrawal requests]** Proposers must call (916) 255-6032 to confirm receipt of a faxed withdrawal request. Follow-up the faxed request by mailing or delivering the signed original withdrawal request within 24 hours after submitting a faxed request.

An originally signed withdrawal request is generally required before DHS will return a proposal to a Proposer. DHS may grant an exception if the Proposer informs DHS that a new or replacement proposal will immediately follow the withdrawal.

c. Resubmitting a Proposal

After withdrawing a proposal prior to the proposal submission deadline, Proposers may resubmit a new proposal according to the proposal submission instructions. Replacement proposals must be received at the stated place of delivery by the proposal submission deadline.

4. Contract Award And Protests

a. Contract Award

- 1) Award of the contract, if awarded, will be to the responsive and responsible Proposer, who earns the highest total score. The highest scored proposal will be determined after DHS adjusts Proposer scores for applicable bidder preferences.
- 2) DHS shall award the contract only after DHS posts a Notice of Intent to Award for five (5) working days. DHS expects to post the Notice of Intent to Award before the close of business on February 17, 2005 in a Contract Award Notices Binder which will be available for viewing by the public during normal business hours at the following location:

Department of Health Services
Contract Management Unit
1501 Capitol Avenue, First Floor Guard Station
Sacramento, CA 95814

Additionally, the Notice of Intent to Award will be available for viewing at:

Department of Health Services
Office of Medi-Cal Procurement
9800 Old Winery Place
Sacramento, CA 95827

- 3) DHS will mail or fax a written notification and/or a copy of the Notice of Intent to Award to all firms that submitted a proposal.
- 4) DHS will post the Intent to Award on the OMCP web page at <http://www.dhs.ca.gov/omcp>.
- 5) DHS will confirm the contract award to the winning Proposer after the protest deadline, if no protests are filed or following the DGS' resolution of all protests. DHS staff may confirm an award verbally or in writing.
- 6) It is intended that the contract will be awarded within thirty (30) days from the scheduled date of Notice of Intent to Award. However, DHS may award the contract later, in which case bid prices will be valid for a minimum of six (6) months following the Notice of Intent to Award, or longer if agreed to be the successful Proposer and DHS.
- 7) The DHS reserves the right to reject all bids, whether responsive or not.

b. Settlement of Ties

In the event of a precise highest score tie between a certified small business and a certified DVBE, the contract will be awarded to the DVBE per Government Code Section 14838(f) et seq.

DHS will settle all other tied total scores by making an award to the Proposer who earns the highest score on their narrative proposal (e.g., Technical Proposal). If narrative proposal (e.g., Technical Proposal) scores are also tied, DHS will settle the tie in a manner that DHS determines to be fair and equitable (e.g., coin toss, lot drawing, etc.). In no event will DHS settle a tie by dividing the work among the tied Proposers.

c. Protests

- 1) Under California law, protests of the RFP are under the authority and jurisdiction of DGS. The protest standards and procedures as described in this RFP are as currently understood by DHS. In the case of any protest of this RFP, the standards and procedures as specified by DGS shall govern over any inconsistent standards or procedures described by DHS.

- 2) Who can protest

Any Proposer who submits a proposal may file a protest if the Proposer believes its proposal is responsive to all RFP requirements.

- 3) Grounds for protests

Protests are limited to the grounds described in Public Contract Code (PCC) Section 10345. DHS will not make an award until all protests are withdrawn by the protestant, denied, or resolved to the satisfaction of DGS.

- 4) Protest time lines

- a. Eligible Proposers may file a first and quite brief "Notice of Intent to Protest" within five (5) working days after DHS posts the Notice of Intent to Award.
- b. Within five (5) calendar days after filing a "Notice of Intent to Protest", the protestant must file a full and complete written protest statement identifying the specific grounds for the protest. The statement must contain, in detail, the reasons, law, rule, regulation, or practice that the protestant believes DHS has improperly applied in awarding the contract.

- 5) Submitting a protest

Protests must be filed with both DGS and DHS' Contract Management Unit. Additionally, Proposers are requested to send a copy of the protest to DHS' OMCP. You may hand deliver, mail or fax your protest.

Label, address and submit the initial protest notice and detailed protest statement to the following State programs using one of the following methods.

Send the protest to DHS' Contracting Management Unit at:

U.S. Mail	Hand Delivery or Overnight Express/Courier
Protest to DHS RFP 04-35855 CA Dept. of Health Services Contract Management Unit MS 1403 P.O. Box 997413 Sacramento, CA 95899-7413	Protest to DHS RFP 04-35855 CA Dept. of Health Services Contract Management Unit MS 1403 1501 Capitol Ave., Ste 71.2101 Sacramento, CA 95814
Fax:	
Protests to DHS RFP 04-35855 CA Department of Health Services Contract Management Unit Fax: (916) 650-0110	

And, send the protest to DGS at:

U.S. Mail, Hand Delivery or Overnight Express/Courier:	Fax:
Protest to DHS RFP 04-35855 Dept. of General Services Office of Legal Services Attention: Protest Coordinator 707 Third Street, 7 th Floor, Ste 7-330 P.O. Box 989052 West Sacramento, CA 95798-9052	Protest to DHS RFP 04-35855 Depart. Of General Services Office of Legal Services Fax: (916) 376-5088

Please send a copy of the protest as an FYI to DHS' OMCP at:

U.S. Mail:	Hand Delivery or Overnight Express/Courier:
Protest to RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 P.O. Box 997413 Sacramento, CA 95899-7413	Protest to RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement MS 4200 9800 Old Winery Place Sacramento, CA 95827
Fax:	
Protest to RFP 04-35855 Robert Marlow CA Department of Health Services Office of Medi-Cal Procurement FACSys: (916) 464-0855 Fax: (916) 255-6126	

For faxed protests

Faxed protests must be followed-up by sending an original signed protest, with all supporting material, within one (1) calendar week of submitting the faxed protest.

Call the telephone numbers below to confirm your fax transmission:

Department of General Services	(916) 376-5080
DHS/Contract Management Unit	(916) 650-0100
DHS/Office of Medi-Cal Procurement	(916) 255-6032

If you choose hand delivery, allow sufficient time to locate parking and have your Protest document date/time stamped by Security personnel. Parking is especially difficult around the DHS building on Capitol Avenue.

5. Disposition Of Proposals

- a. All materials submitted in response to this RFP will become the property of DHS and, as such, are subject to the Public Records Act (GC Section 6250, et seq.). DHS will disregard any language purporting to render all or portions of any proposal confidential.
- b. Proposals are public records upon the posting of a Notice of Intent to Award. However, the contents of all proposals, draft RFPs, correspondence, agenda, memoranda, working papers, or any other medium, which disclose any aspect of a Proposer's proposal, shall be held in the strictest confidence until the award is made. DHS shall hold the content of all working papers and discussions relating to a proposal confidential indefinitely, unless the public's interest is best served by disclosure because of its pertinence to a decision, agreement, or the evaluation of a proposal. A Proposer's disclosure of this subject is a basis for rejecting a proposal and ruling the Proposer ineligible to participate further in the bidding process.
- c. DHS may return a proposal to a Proposer at their request and expense after DHS concludes the bid process.
- d. The provisions of this subsection are not intended to apply to the Escrow Bid Documents described in section L "Cost Proposal Format and Content Requirement", subsection 6.

6. Inspecting Or Obtaining Copies Of Proposals

- a. Who can inspect or copy proposal materials

Any person or member of the public can inspect or obtain copies of any proposal materials.

b. What can be inspected / copied and when

- 1) After DHS releases the RFP, any existing Proposers List (i.e., list of firms to who the RFP is sent) is considered a public record and will be available for inspection or copying.
- 2) On or after DHS posts the Notice of Intent to Award, all proposals, letters of intent, checklists and/or scoring/evaluation sheets become public records. These records shall be available for review, inspection and copying during normal business hours for a period of three months or until all protests and other legal challenges have been resolved, including any appeals therefrom, whichever is longer.

c. Inspecting or Obtaining Copies of Proposal Materials

Persons wishing to view or inspect any proposal or award related materials must identify the items they wish to inspect and must make an inspection appointment by contacting Robert Marlow at (916) 255-6032.

Persons wishing to obtain copies of proposal materials may visit DHS or mail a written request to the DHS office identified below. The requestor must identify the items they wish to have copied. Materials will not be released from State premises for the purposes of making copies.

Unless waived by DHS, a check covering copying and/or mailing costs must accompany the request. Copying costs, when applicable, are charged at a rate of **ten cents** per page. DHS will fulfill all copy requests as promptly as possible. Submit copy requests as follows:

Request for Copies - RFP 04-35855

Robert Marlow
CA Department of Health Services
Office of Medi-Cal Procurement
MS 4200
P.O. Box 997413
Sacramento, CA 95899-7413

7. Verification Of Proposer Information

By submitting a proposal, Proposers agree to authorize DHS to:

- a. Verify any and all claims made by the Proposer including, but not limited to verification of prior experience and the possession of other qualification requirements, and
- b. Check any reference identified by a Proposer or other resources known by the State to confirm the Proposer's business integrity and history of providing effective, efficient and timely services.

8. DHS Rights

In addition to the rights discussed elsewhere in this RFP, DHS reserves the following rights.

a. RFP Corrections

- 1) DHS reserves the right to do any of the following up to the proposal submission deadline:
 - a) Modify any date or deadline appearing in this RFP or the RFP Time Schedule.
 - b) Issue clarification notices, addenda, alternate RFP instructions, forms, etc.
 - c) Allow Proposers to submit questions about any RFP change, correction or addenda. If DHS allows such questions, specific instructions will appear in the cover letter accompanying the document.
- 2) If this RFP is clarified, corrected, or modified, DHS will mail or fax written clarification notices, administrative bulletins, and/or RFP addenda to all persons/firms who submitted the mandatory Request for Inclusion on Mailing List form (Attachment 15), or called OMCP to request clarification notices, administrative bulletins, and/or RFP addenda. This information may also be obtained by accessing the OMCP website <http://www.dhs.ca.gov/omcp>.

If DHS decides, just before or on the proposal due date, to extend the submission deadline, DHS may choose to notify potential Proposers of the extension by fax or by telephone. DHS will follow-up any verbal notice in writing by fax, or by mail.

b. Collecting Information from Proposers

- 1) If deemed necessary, DHS may request a Proposer to submit additional documentation during or after the proposal review and evaluation process. DHS will advise the Proposers orally, by fax, or in writing of the documentation that is required and the timeline for submitting the documentation. DHS will follow-up oral instructions in writing by fax or mail. Failure to submit the required documentation by the date and time indicated may cause DHS to deem a proposal non-responsive.
- 2) DHS, at its sole discretion, reserves the right to collect, by mail, fax or other method, the following omitted documentation and/or additional information.

- a) Signed copies of any form submitted without a signature.
 - b) Data or documentation omitted from any submitted RFP attachment/form.
 - c) Information/material needed to clarify or confirm certifications or claims made by a Proposer.
 - d) Information/material needed to correct or remedy an immaterial defect in a proposal.
 - e) Information needed to resolve any potential conflict of interest.
- 3) The collection of Proposer documentation may cause DHS to extend the date for posting the Notice of Intent to Award. If DHS changes the posting date, DHS will advise the Proposers, orally or in writing, of the alternate posting date.
- c. Immaterial Proposal Defects
- 1) DHS may waive any immaterial deviations or defect in any proposal. DHS reserves the right to use its best judgment to determine what constitutes an immaterial deviation or defect. DHS may, in its sole discretion, either allow the Proposer to remedy immaterial deviations or defects, or waive the need to remedy them.
 - 2) DHS' waiver of an immaterial deviation or defect in a proposal shall in no way modify this RFP or excuse a Proposer from full compliance with all bid requirements.
- d. Correction of Clerical or Mathematical Errors
- 1) DHS reserves the right, at its sole discretion, to overlook, correct or require a Proposer to remedy any obvious clerical or mathematical errors occurring in the narrative portion of a proposal or on a Cost Proposal form.
 - 2) If the correction of an error results in an increase or decrease in the total price, DHS shall give the Proposer the option to accept the corrected price or withdraw their proposal.
 - 3) Proposers may be required to initial corrections to costs and dollar figures on the Cost Proposal form if the correction results in an alteration of the annual costs or total cost offered.
 - 4) If a mathematical error occurs in a total or extended price and a unit price is present, DHS will use the unit price to settle the discrepancy.

e. Right to Remedy Errors

- 1) DHS reserves the right, at any time, to waive any RFP requirement or instruction for all Proposers if DHS determines that the requirement or instruction was unnecessary, erroneous or unreasonable.
- 2) DHS reserves the right, at any time, to remedy errors caused by:
 - a) DHS office equipment malfunctions or negligence by agency staff,
 - b) Natural disasters (i.e., floods, fires, earthquakes, etc.).

f. No Contract Award or RFP Cancellation

The issuance of this RFP does not constitute a commitment by DHS to award a contract. DHS reserves the right to reject all proposals and to cancel this RFP if it is in the best interests of DHS to do so.

g. Contract Amendments After Award

As provided in the Public Contract Code governing contracts awarded by competitive bid, the DHS reserves the right to amend the contract after DHS makes a contract award.

h. Proposed Use of Subcontractors and/or Independent Consultants

Specific subcontract relationships proposed in response to this RFP (i.e., identification of subcontractors and independent consultants) shall not be changed during the procurement process or prior to contract execution.

The pre-identification of a subcontractor or independent consultant does not affect DHS' right to approve personnel or staffing selections or changes made after the contract award.

i. Staffing Changes After Contract Award

DHS reserves the right to approve or disapprove changes in key personnel that occur after DHS awards the contract.

P. BIDDING CERTIFICATION CLAUSES

1. Certificate Of Independent Price Determination

a. The prospective Proposer certifies that:

- 1) The prices in this bid or proposal have been arrived at independently without any consultation, communication or agreement with any other proposer, Proposer or competitor for the purpose of restricting competition relating to:

- a) The prices or costs offered,
 - b) The intention to submit a bid or proposal,
 - c) The methods or factors used to calculate the costs or prices offered.
- 2) The prices in this bid or proposal have not been and will not be knowingly disclosed by the Proposer, directly or indirectly, to any other Proposer or competitor before the bid/cost proposal opening date or date of contract award posting, unless otherwise required by law.
 - 3) No attempt has been made or will be made by the Proposer to induce any other firm or entity to submit or not to submit a bid or proposal for the purpose of restricting competition.
- b. Each signature appearing on the documents contained in this bid package/proposal is considered to be a certification by the signatory that the signatory:

Is the person in the Proposer's organization that is either responsible for determining the prices offered in this bid or proposal and/or is designated to complete the bid or proposal forms on behalf of the bidding firm, and the signatory has not participated and will not participate in any action contrary to all subsections of paragraph a.

2. Debarment And Suspension Certification

- a. The Contractor certifies to the best of its knowledge and belief, that it and its principals:
 - 1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;
 - 2) Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - 3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph a.2) of this certification;

- 4) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default;
 - 5) Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State; and
 - 6) Will include a clause entitled "Debarment and Suspension Certification" that essentially sets forth the provisions herein, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
- b. If the Contractor is unable to certify to any of the statements in this certification, the Contractor shall submit an explanation to the program funding this contract.

3. Lobbying Restrictions And Disclosure

- a. The Contractor certifies, to the best of its knowledge and belief, that:
- 1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - 2) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit federal Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - 3) The Contractor shall require that the contents of this certification be collected from the recipients of all subawards, exceeding \$100,000, at all tiers (including subcontracts, subgrants, etc.) and shall be maintained for three years following final payment/settlement of those agreements.

- b. This certification is a material representation of fact upon which reliance was placed when this contract was made and/or entered into. The making of the above certification is a prerequisite for making or entering into this contract pursuant to 31 U.S.C. 1352 (45 CFR 93). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- c. The Standard Form-LLL may be obtained from various federal agencies, federally sponsored World Wide Web Internet sites, DHS upon request, or may be copied from Exhibit D(F) entitled, Special Terms and Conditions.

Q. PREFERENCE PROGRAMS

To confirm the identity of the highest scored responsible Proposer, DHS will adjust the total point score for applicable claimed preference(s). DHS will apply preference adjustments to eligible Proposers according to State regulations following verification of eligibility with the appropriate office of the DGS.

1. Small Business Enterprises (including Microbusinesses)

- a. Responsive and responsible California Proposers claiming preference and verified as a certified small business (including microbusiness) in a relevant business type will be granted a preference of five percent (5%) of the total point score earned by the responsive and responsible Proposer with highest combined score, if the highest scored proposal is submitted by a Proposer that is not certified as a California small business (including microbusinesses) in a relevant business type. The “service” category or business type will most likely apply to this procurement.
- b. To be certified as a “small business” (including a microbusinesses) and eligible for a bidding preference the business concern must:
 - 1) Have requested the status of small business and/or microbusiness and become certified by the appropriate office of the DGS [formerly referred to as Office of Small Business Certification and Resources] as a small business no later than 5:00 p.m. on the proposal submission deadline.
 - 2) Not be dominant in its field of operations,
 - 3) Be independently owned and operated,
 - 4) Have its principal office located in California,
 - 5) Have its owners (or officers in the case of a corporation) domiciled in California,

- 6) Together with its affiliates be either:
 - a) A non-manufacturer with 100 or fewer employees and average annual gross receipts of ten million dollars or less over the previous three years, or
 - b) A manufacturer with 100 or fewer employees.
 - c. Firms desiring small business and/or microbusiness certification must obtain a Small Business Certification Application (STD 813) from the appropriate office of the DGS [formerly Office of Small Business Certification and Resources (OSBCR)], fully complete the form, and return it to DGS as instructed. Bidding firms desiring small business certification assistance, may contact the Department of General Services by the following means:
 - 1) (916) 322-5060 (24 hour recording and mail requests), or
 - 2) (916) 375-4940 or (800) 559-5529 (live operator), or
 - 3) Internet address: <http://www.pd.dgs.ca.gov/smbus> or
 - 4) Fax: (916) 375-4950, or
 - 5) Email: osbcrhelp@dgs.ca.gov
2. Target Area Contract Preference Act (TACPA) And Enterprise Zone Act
- a. Government Code (GC) section 4530 (TACPA) and GC section 7070 (EZA) provide that California based companies shall be granted a five percent (5%) preference, not to exceed a maximum of \$50,000, whenever a state agency prepares a solicitation for **services** in excess of \$100,000. The preference(s) shall apply if the worksite is not fixed by the government agency and the company can demonstrate and certify, under the penalty of perjury, that at least ninety percent (90%) of the total labor hours required to perform the services contract shall be performed at an identified worksite located in a distressed area (TACPA) or enterprise zone (EZA).
 - b. Additional work force preferences ranging from one to four percent (1% to 4%) can be earned by eligible proposers that agree to hire five to twenty percent (5% to 20%) of persons with a high risk of unemployment or those living in a targeted employment area or that are enterprise zone eligible to perform a specified percentage of the contract work.
 - c. Proposers seeking TACPA and/or EZA preference must submit a completed STD 830 - Target Area Contract Preference Act Request (Attachment 10) or a STD 831 - Enterprise Zone Act (EZA) Preference

Request (Attachment 11) with their proposal. The preference request form must include the following:

- 1) All appropriate certifications. (TACPA and EZA)
 - 2) The proposing firm's name and the name of all suppliers and subcontractors (including independent consultants) that will work with the proposer to fulfill the terms of the contract along with the addresses of each of the worksite(s) and estimated labor hours. (TACPA and EZA)
 - 3) County census tract number and block group number. (TACPA)
 - 4) Enterprise zone name(s). (EZA)
 - 5) Proposer's original signature. (TACPA and EZA)
- d. TACPA and/or EZA preference cannot be claimed or granted if:
- 1) The lowest responsible proposed cost does not equal or exceed \$100,000 for the entire term, **or**
 - 2) The work site or any part thereof is fixed or preset by the State, **or**
 - 3) The services involve construction or a public works project.
- e. A proposer who has claimed a TACPA and/or EZA preference and is awarded the contract will be obligated to perform in accordance with the preference(s) requested, provided the preference was granted in obtaining the contract. Firms receiving preference must:
- 1) Report their labor hours to the State and
 - 2) Reference the state contract on which the award is based for the specific reporting requirements.
- f. Proposers wishing to learn more about TACPA and/or EZA requirements, designated work site(s) or enterprise zones in California should contact the appropriate office of DGS (formerly known as OSBCR) at (916) 375-4940. DGS will attempt to determine TACPA and/or EZA eligibility within two working days.

3. Combined Preferences

The maximum preference or cost reduction that any Proposer may be granted for small business, TACPA and EZA preference combined is fifteen percent (15%) or \$100,000, whichever is less.

Any firm that claims and is granted EZA and/or TACPA preference cannot displace an award to a certified small business (including microbusiness).

R. CONTRACT TERMS AND CONDITIONS

The winning Proposer must enter a written contract that may contain portions of the Proposer's proposal (i.e., Cost Proposal Forms, Work Plan), Scope of Work, standard contract provisions, the contract form, and the exhibits identified below. Other exhibits, not identified herein, may also appear in the resulting contract.

The exhibits identified in this section contain contract terms that require strict adherence to various laws and contracting policies. DHS will not accept alterations to the General Terms and Conditions (GTC), DHS' Special Terms and Conditions, the Scope of Work other exhibit terms/conditions, or alternate language that is proposed or submitted by a prospective contractor. A Proposer's unwillingness or inability to agree to the proposed terms and conditions shown below or contained in any exhibit identified in this RFP may cause DHS to deem a Proposer non-responsible and ineligible for an award. DHS reserves the right to use the latest version of any form or exhibit listed below in the resulting agreement if a newer version is available.

The exhibits identified below illustrate many of the terms and conditions that may appear in the final agreement between DHS and the winning Proposer. Other terms and conditions, not specified in the exhibits identified below, may also appear in the resulting agreement. Some terms and conditions are conditional and may only appear in an agreement if certain conditions exist (i.e., contract total exceeds a certain amount, federal funding is used, etc.).

In general, DHS will not accept alterations to the GTC, DHS' Special Terms and Conditions, the Scope of Work, other exhibit terms/conditions, or alternate language that is proposed or submitted by a prospective contractor. DHS may consider a proposal containing such provisions "a counter proposal" and DHS may reject such a proposal as non-responsive.

1. Sample Contract Forms/Exhibits

<u>Exhibit Label</u>	<u>Exhibit Name</u>
Exhibit A-1	Standard Agreement (1 page)
Exhibit A	Scope of Work (3 pages)
Exhibit B	Budget Detail and Payment Provisions (3 pages)
Exhibit C – View on-line.	General Terms and Conditions (GTC 304). View or download this exhibit at this Internet site http://www.ols.dgs.ca.gov/Standard+Language/default.htm

<u>Exhibit Label</u>	<u>Exhibit Name</u>
Exhibit D(F)	Special Terms and Conditions (26 pages)
Exhibit E	Additional Provisions (13 pages)
Exhibit E/ Attachment 1	Bid Documentation Certification (1 page)
Exhibit F	Contractor's Release (1 page)
Exhibit G	Travel Reimbursement Information (2 pages)
Exhibit H	HIPAA Business Associate Addendum (7 pages)
Exhibit I	Cost Proposal submitted by the Contractor on XX/XX/XXXX (XX pages)
Exhibit J	Technical Proposal submitted by the Contractor on XX/XX/XXXX (XX pages)

2. Unanticipated Tasks

In the event unanticipated or additional work must be performed that is not identified in this RFP, but in DHS' opinion is necessary to successfully accomplish the Scope of Work, DHS will initiate a contract amendment to add that work. All terms and conditions appearing in the final contract including the salary/wage rates, unit rates and/or other expenses appearing on the Proposer's Cost Proposal will apply to any additional work.

3. Resolution of Language Conflicts (RFP vs. Final Agreement)

If an inconsistency or conflict arises between the terms and conditions appearing in the final agreement and the proposed terms and conditions appearing in this RFP, any inconsistency or conflict will be resolved by giving precedence to the final agreement.